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Hong Kong

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General

Protection of Cultural Historic Sites Sought

OW292210 Beijing XINHUA in English
1625 GMT 29 Dec 87

[Text] Beijing, December 29 (XINHUA)—China has placed six historic sites on a world cultural heritage protection list.

They include Tai Shan Mountain in Shandong Province, the Great Wall, the Imperial Palace in Beijing, terracotta figures excavated near the tomb of Qin Shi Huang in Shaanxi Province, Dunhuang grottoes, Gansu Province, and the ruins of Beijing ape-man at Zhoukoudian in southwest Beijing.

The six were explained at the 13th session of China's National Committee of the United Nations Education, Scientific and Cultural Organization that met here today.

China this year signed a convention with UNESCO for the protection of world cultural and natural heritage.

Committee deputy secretary-general Jia Xueqian said China has cooperated with the world body in carrying out 235 items in the fields of education, science and social science, culture and information exchange this year.

They have included specialized international symposiums, observation tours for experts, training courses, and research projects.

'Yearender' Reviews U.S., Soviet UN Policy

OW300928 Beijing XINHUA in English
0717 GMT 30 Dec 87

["Yearender: U.S., Soviet U.N. Policy Shifting Noted (By Qian Wenrong)"]—XINHUA headline]

[Text] United Nations, December 30 (XINHUA)—The shifting attitudes of the United States and Soviet Union toward the United Nations have left a deep impression on the world body's other delegates.

"The polar bear becomes much more active and cooperative than ever before, while the American eagle becomes less enthusiastic and more arbitrary," says a diplomat from a non-aligned country on the changing U.N. attitudes of the two superpowers.

The Soviet Union adopted a new approach toward the U.N. from the very beginning of the three-month 42nd General Assembly session that ended in December.

On September 16, just two days after the opening, Soviet leader Mikhail Gorbachev put forward a sweeping list of proposals to strengthen the role of the United Nations in

his article entitled, "Reality and Safeguards for a Secure World" published in "PRAVDA." The proposal was originally prepared as his speech to the General Assembly.

Gorbachev's 11-point proposal ranges from verifying arms agreements, investigating acts of international terrorism and establishing international human rights standards to alleviating third world debt and improving world health and environmental problems.

The proposal highlighted the role of the Security Council in reducing international tension and resolving regional conflicts. Gorbachev talked of reviving the military staff committee composed of the five permanent Security Council members; creating a multilateral center to manage conflicts, including a U.N. hotline to the capitals of the five permanent Security Council members who, he said, should become "guarantors of regional security."

The Soviet leader also stressed that wider use should be made of the United Nations military observer and the United Nations peacekeeping forces to separate troops of hostile nations and monitor cease-fire and truce agreements.

This new policy has been carried out by the Soviet delegation to the United Nations throughout the 42nd General Assembly session.

One of the major moves was the mid-October announcement by the Soviet delegation of the Soviet Government's decision to pay its overdue 225-million-dollar U.N. bill, including 197 million dollars for peacekeeping operations which the Soviet Union had opposed for the past 30 years, including operations in the Sinai and the Congo (now Zaire).

Aiming at reducing the U.S. influence in the Gulf area, the Soviet Union also has more than once proposed creation of a U.N. naval force to replace the U.S. and other Western navies in the region.

Moreover, during the plenary and committee debates, Soviet diplomats at the United Nations have been much less polemical than ever before.

The Soviet delegation this year took an attitude of all-round reconciliation and flexibility on a series of issues. They nearly ceased attacks on the West on most occasions and usually did not reply to Western attacks or criticism, or merely issued a mild reply when necessary.

"Moscow is generally regarded now as more amenable to compromise on many issues on the U.N. agenda," the WASHINGTON POST noted.

The main reasons for the new Soviet policy have been interpreted by U.N. officials and diplomats as follows:

First, the Soviets want to give the United Nations a more effective role in resolving dangerous regional conflicts and preventing them from escalating into superpower confrontations.

Second, the Soviets want to use the U.N. to deal with crises in the Third World so to spare their own energies and resources for domestic economic reform.

Third, in the U.S. view, the Soviets aim to change the United Nations in ways that favor the Kremlin's political agenda at the expense of the West.

Gorbachev's new policy towards the United Nations has caused strong repercussions among the American public and politicians and posed a major challenge to the U.S. Government.

In recent years, the United States has taken a passive and uncooperative attitude toward the United Nations on many occasions:

- it withdrew from the United Nations Educational, Scientific and Cultural Organization (UNESCO) three years ago,

- it has withheld its assessed contribution to the United Nations Fund for Population Activities (UNFPA) two years running,

- it boycotted the August's U.N.-sponsored international conference on the relationship between disarmament and development,

- it has refused to pay its due contribution to the U.N. budget, including funds for the peacekeeping force in Lebanon which was set up in 1978 at U.S. insistence.

Because of these acts, the Reagan administration has been blamed by the American press as the "wrecker" of the United Nations.

But why has the United States, once the strongest supporter of the biggest international body, become so "arbitrary and uncooperative"?

U.S. Secretary of State George Shultz has given the following hint at U.S. thinking:

"When the successes we enjoyed in the first years after the birth of the United Nations began to fade, we began to lose interest in the institution."

It is true that in the early years of the United Nations up to the 1960s, this international organization was mainly under the U.S. control, serving as a tool of U.S. foreign policy.

However, with the emergence of the Third World and the participation of more and more developing countries in the last two decades, the United States position in the

United Nations has increasingly become weaker. It now can no longer manipulate voting in favor of its own interests as it did in the past.

On the contrary, the United States has often been put in the dock at the United Nations.

As early as four years ago, according to THE NEW YORK TIMES, the U.S. Congress found from a report by the U.S. mission to the United Nations that each year the United States had taken a minority position on 10 key issues of special interest to the U.S., including apartheid, Namibia, the Middle East and Central America.

This, of course, has irritated the U.S. Government and Congress. U.S. chief representative to the United Nations Vernon Walters complained that "over the years, there has grown up the nasty habit of singling out the U.S. for special condemnation in resolutions."

To retaliate against and threaten the majority of the U.N. member states, the U.S. Government and Congress have tried means of withdrawal, boycott and particularly withholding dues, which has caused serious financial crisis in the international body.

But the result is that the United States has become ever more isolated and incurred ever stronger condemnation from the majority of U.N. member states, including many of its Western allies.

Fearing Soviet Union's growing influence will further weaken the U.S. position in the United Nations, THE NEW YORK TIMES in an editorial sharply criticized the U.S. Congress for withholding the regular U.S. contribution to the U.N. budget saying that the United States "should put its money where its mouth is — unless it wants to leave the field to the Soviets." "Gorbachev has seized the ground once virtuously held by the United States," the paper warned.

Under the pressure of American public opinion and a majority of U.N. member states, the U.S. Congress was forced to agree to pay the U.S. obligation due the U.N. just before the assembly session adjourned.

Of course, the United States knows very well the importance of the United Nations and will never write it off. George Shultz has said "the United States must play a forceful role in the United Nations to protect our interest."

U.S. Ambassador to the U.N. Walters has also pledged that he would work with all his strength "to increase the number of my country's friends and to diminish the number of its enemies" in the United Nations.

Observers here noted that the scramble between the two superpowers for their greater influence in the United Nations could be intensified in the coming years.

'Yearender' on INF Treaty, Western Defense
HK291540 Beijing GUANGMING RIBAO in Chinese
20 Dec 87 p 3

["Yearender" by Jia Bin (6328 2430): "The Medium-Range Missile Treaty and Defense of Western Europe"]

[Text] Through many twists and turns the official U.S.-Soviet treaty on eliminating all medium- and short-range missiles was eventually signed in Washington. According to this treaty the United States will eliminate 859 medium- and short-range missiles, and 429 of these missiles are deployed in Western Europe as a component part of the region's defense forces. So the signing of the INF treaty certainly aroused close attention from West European countries, and evoked strong repercussions among them.

West European opinion generally held that the INF treaty signed by the United States and the Soviet Union is the "first real disarmament agreement." The withdrawal and elimination of American and Soviet intermediate-range missiles in intense confrontation, which will be guaranteed by strict inspection and verification measures, will undoubtedly be favorable to easing the European and world situation, and will create favorable conditions for further disarmament in the future. So the treaty was welcomed.

However, the withdrawal and elimination of the medium-range missiles will also bring about some serious problems in West European defense: First, will the "nuclear deterrent" strategy continue to be valid? Over the past decades West European defense has always been based on "nuclear deterrence," and the American medium-range missiles, which could be fired from Western Europe into Soviet territory, constituted a main nuclear deterrent force. Without such missiles, nuclear deterrence will be greatly weakened. Second, will Europe take the "non-nuclear" road? Both the United States and the Soviet Union have indicated that their objective is to realize their "non-nuclear" target. The INF treaty embodied a major breakthrough and all short-range missiles, as well as the independent nuclear forces of Britain and France, will gradually be eliminated. As a result, a Western Europe without nuclear weapons will have to face a Soviet Union with strong conventional forces, and will thus lose its self-defense ability. Third, will the United States shake off its commitment in Western Europe? At present, the United States spends \$120 to \$130 billion a year on its troops stationed in Western Europe and on their military equipment. This accounts for one-third of the total military expenditure by the United States. Some people in the United States often call for withdrawal of the troops, and the elimination of medium-range missiles has increased this possibility.

Aside from the abovementioned concerns, West European opinion also expressed discontent with the fact that the U.S. and Soviet leaders discussed European security

without the participation of European nations, and called this "top-transcending diplomacy." Many people in Western Europe even compared the recent U.S.-Soviet summit meeting to the "Yalta Conference" in which the United States and the Soviet Union secretly divided up the world near the end of World War II.

When facing this situation, the West European countries unanimously agreed that they should strengthen their own defense and cooperation, and should gradually shift the defense strategy to conventional warfare. First of all, France and the FRG have obviously strengthened their military cooperation. Not long ago, the French president proposed that the two countries set up a joint defense committee, and the FRG chancellor also proposed that the two countries organize combined combat brigades of mixed troops from the two countries. In September this year, French and West German troops carried out the largest joint military exercise in the postwar period involving a total of 70,000 to 80,000 troops from the two countries. The French president and the West German chancellor were present in the exercise area, and the defense ministers from the two countries personally supervised the war games. In addition, the two countries have also formulated concrete cooperation plans for producing weapons, making helicopters, and developing space technology. On 12 December, 4 days after the official signing of the U.S.-Soviet INF treaty, French Prime Minister Chirac openly announced: "If the FRG was invaded, France would immediately join the defensive battle without reservation." This was the first time a French leader made such a promise so explicitly. The FRG Government immediately issued a statement welcoming the French statement. Obviously, military cooperation between France and West Germany will become a major force in West European defense. Second, Britain, which maintains special traditional relations with the United States, recently adopted some special measures to strengthen its military relations with France and West Germany. Britain and France are the only two West European countries that possess their own nuclear weapons, and they share many common points in their defense policies. Over the past year, the heads of government and defense ministers of the two countries have frequently held meetings and talks. They have decided to strengthen cooperation in developing the military industry and nuclear technology. On 14 December the British and French defense ministers once again met in London and decided to join forces in developing a kind of air-to-surface missile which can be fired by fighters and carry nuclear warheads. Britain has troops stationed in West Germany and also has a commitment for its defense. So as France, Britain, and the FRG strengthen their relations, they may form a backbone force in West European defense. Third, the West European countries have also strengthened multilateral defense cooperation. The seven-nation military organization—Western European Union—has become active again since 1984, and has put forward many proposals for West European proposals. Not long ago the defense and foreign ministers of the member countries of this organization held a

meeting in The Hague to formulate the "European Security Program." Parliamentarians from the seven member countries have also held regular meetings in Paris to discuss military and defense issues. All the abovementioned are important steps taken by West European countries for their common defense.

Of course due to their different positions and conditions, the West European countries inevitably have differences in their defense notions. The FRG is a member of NATO so it depends more on the United States for its defense; while France is not a member of NATO and is pursuing an independent defense policy. France resolutely opposes the European non-nuclear orientation; but the FRG is more inclined to the notion of eliminating all nuclear weapons in Europe, because it is directly faced with the nuclear threat. In addition, Britain also has misgivings about close military cooperation with France, and Italy more obviously indicates that it does not agree with the "leadership core" formed by France and West Germany in West European defense. Such contradictions and differences also find expression in other events, such as the failure of the recent European Community summit in Copenhagen. It seems that West European defense cooperation remains a long-term target. However, the signing of the U.S.-Soviet INF treaty has greatly advanced this process.

United States & Canada

Spokesman Declines Comment on Expelling *HK301411 Hong Kong AFP in English* 1408 GMT 30 Dec 87

[Text] Washington, Dec 30 (AFP)—Two Chinese diplomats, one an assistant military attache at the Chinese Embassy, have been expelled from the United States after being arrested last week on suspicion of spying, the WASHINGTON TIMES reported Wednesday.

The newspaper said the Federal Bureau of Investigation arrested the men after one of them received what he thought were classified National Security Agency documents from a U.S. double-agent.

The two diplomats were not named.

The TIMES, in its main front page story citing a source close to the case, said, "The assistant military attache was apprehended by FBI agents on Dec 21 while he and a double agent working for the U.S. Government were sitting in a restaurant in Washington's Chinatown."

The arrests followed a year-long investigation by the FBI.

The newspaper quotes a State Department official, who had requested anonymity, as saying that the United States "asked the Chinese Embassy to arrange the departures of two Chinese diplomats" on December 22.

(In Beijing, a Chinese Foreign Ministry spokesman questioned by Agence France-Presse on the reports declined to comment.)

The reported expulsions follow a similar case last week involving a Soviet diplomat in New York, said the TIMES.

Soviet Union

PRAVDA on U.S. Development of BTI *OW291248 Beijing XINHUA in English* 1240 GMT 29 Dec 87

[Text] Moscow, December 29 (XINHUA)—America's intention to develop what it calls a balanced technological initiative (BTI) is aimed at combining efforts of the United States and its allies in developing a fundamentally new generation of combat armament, the Soviet daily PRAVDA said today.

PRAVDA said in a commentary that the BTI envisages the development of weapons capable of using both conventional and nuclear warheads.

The ruling Soviet Communist Party newspaper charged that the BTI and SDI (strategic defense initiative) "are virtually twins, for manifest in both cases is a desire to make up for reductions in the stockpiled nuclear arsenals through a transfer of the arms race to a different sphere."

Its commentary, headlined from SDI to BTI, charged that a key role in the realization of this new strategy has been assigned to Japan, which technologically is ahead of its Western competitors.

This is the Soviet Union's first comment on the BTI. PRAVDA gave no further details about it, however.

Northeast Asia

Kim Tae-chung Delegation Reported in Beijing *HK300649 Hong Kong CHENG MING in Chinese* No 123, 1 Jan 88 p 14

[Report from 'Reference News Column' by Mei (2734): "A Delegation From Kim Tae-chung Arrived in Beijing Secretly"]

[Text] A five-member South Korean delegation sent by Kim Tae-chung arrived secretly in Beijing at the end of October. The members of the South Korean delegation are now living in a PLA guest house on Wanquan Road, in the western suburbs of Beijing. After arriving in Beijing, the South Korean guests were met by the responsible persons of the Chinese Foreign Ministry and the International Liaison Department of the CPC Central Committee. It has been learned that accompanying the South Korean guests to Beijing were three North Korean senior officials. However, this news has not yet been confirmed. Obviously, the purpose of the South Korean

delegation's visit to Beijing is to get further support from China. However, because the present situation in South Korea is rather complex, so far senior Chinese leaders, such as Deng Xiaoping, Zhao Ziyang, Hu Qili, and so on, have not yet met the South Korean delegation.

Southeast Asia & Pacific

Cambodian Situation in 1987 Reviewed

BK300754 *Beijing in Cambodia to Cambodia*
1030 GMT 27 Dec 87

["Moral Support and Condemnation Feature": "The Situation in Cambodia in 1987"]

[Text] The situation on the battlefield in Cambodia in 1987 remains in a stalemate. The Vietnamese authorities are getting increasingly tired. Even in the dry season, they have no strength to launch any major offensives. As for the nationalist resistance armed forces, they continue to attack and split themselves into small groups to attack the enemies constantly around Phnom Penh, the Tonle Sap Lake, and along the Cambodian-Thai border. In the past rainy season in particular, the Cambodian nationalist resistance armed forces carried out vigorous activities and dismantled Vietnamese administrative networks in thousands of villages. The Cambodian nationalist resistance forces are currently carrying out numerous activities to attack the enemies everywhere.

The special point on the Cambodian situation in 1987 is the so-called successive proposals to resolve the Cambodian problem politically put forward by the Vietnamese authorities, which have been facing serious problems both at home and abroad, in an attempt to split and destroy the Cambodian nationalist resistance forces to get out of the impasse in a situation in which Vietnam does not pull out its troops from Cambodia and does not abandon its aggression in Cambodia, which it considers as a fait accompli.

In January 1987, Vietnam stated that if the tripartite Democratic Kampuchea and the puppet regime in Phnom Penh set up a four-party coalition government, then Vietnam would be happy to discuss with this government the issue of troop withdrawal. This way, Vietnam can change the Cambodian issue into one among Cambodians and not one of Vietnam committing aggression against Cambodia. This Vietnamese maneuver has been exposed and defeated.

Later, at the beginning of March 1987, Soviet Foreign Minister Shevardnadze stopped over in Thailand on his way to visit Australia, Indonesia, Laos, the Phnom Penh authorities, and Vietnam to carry out activities on the Cambodian problem. Afterward, in May, the Indonesian foreign minister again proposed a cocktail party without any preconditions to be attended by various involved

Cambodian parties regardless of their political creed and on an equal basis. Indonesia reached an agreement with Vietnam at the end of July 1987 on this idea.

On 16 August 1987, ASEAN foreign ministers held a special meeting. The session noted that following the cocktail party, Vietnam should immediately take part in negotiations to achieve a dialogue between Vietnam and various Cambodian parties and that the 8-point proposal on resolving the Cambodian problem politically, proposed by the CGDK in 1986, should be used as the basis of the discussion at the cocktail party.

This just ASEAN stand was immediately rejected by Vietnam. Vietnam even accused ASEAN of violating the agreement reached between Vietnam and Indonesia. This shows that the Vietnamese authorities still have no good will to resolve the Cambodian problem. Later on, the Vietnamese authorities ordered the Phnom Penh puppet authorities to issue a 6-point statement expressing happiness to hold talks with various Cambodian parties, including the Democratic Kampuchean side, to discuss the so-called national reconciliation but did not say anything about Vietnam pulling out of Cambodia, which is the main problem.

In early October 1987, the Phnom Penh puppet authorities put forward a five-point proposal expressing readiness to let Samdech Sihanouk hold an important post with the puppet authorities and saying that Vietnamese troops will be pulled out after foreign forces stop interfering.

All this was rejected by Democratic Kampuchea. Later on, Hun Sen, the Cambodian puppet leader, expressed through Indonesian foreign minister the desire to hold talks with Samdech Sihanouk. The 42d UN General Assembly session in 1987 adopted a resolution, with 117 votes in favor, denouncing Vietnam for committing aggression against Cambodia and demanding that Vietnam pull out all its forces from Cambodia immediately. This shows that the international community is interested in the Cambodian problem and is angry with Vietnam's act of aggression in Cambodia.

In November 1987, to fool public opinion, Vietnam staged another partial troop pullout, which in fact was a troop rotation. This was ridiculed by the international community. In early December 1987, when the situation demands some moves, Samdech agreed to meet for 3 days with Hun Sen in France.

Events in the past year again confirm that every major Vietnamese activity has been supported by the USSR. The Soviet Union can do things which force Vietnam into pulling out its forces from Cambodia and which can solve the Cambodian problem. Vietnam's aggression in Cambodia is 9 years old. Vietnam's act has brought destruction to the Cambodian people and also threatened neighboring countries' peace and security. The international community supports a political solution to

the Cambodian problem based on the withdrawal of all Vietnamese forces from Cambodia. However, there has been no sign yet of Vietnam's good will to pull out of Cambodia. The Vietnamese authorities should clearly realize that the Cambodian problem results from Vietnamese forces' invasion of Cambodia. To resolve the Cambodian problem justly and reasonably, the key is Vietnam taking concrete actions to pull out its forces from Cambodia quickly. It is unthinkable that a country under foreign occupation can achieve genuine national reconciliation. It is unthinkable that a warmongering country, which has dispatched a large number of troops to occupy another country, can solve economic problems at home. It takes a thorn to get a thorn out.

The withdrawal of Vietnamese troops from Cambodia is the key to resolving the Cambodian problem and is the key for Vietnam to solve its isolation and critical problems.

Peace and progress are the two major currents in the world. The Vietnamese authorities' act in Cambodia runs against these world currents. We appeal to the Vietnamese authorities to end the war and pull out its forces from Cambodia soon. This is a real way out for Vietnam.

'Yearender' on South Pacific Nationalism
OW300452 Beijing XINHUA in English
0249 GMT 30 Dec 87

["Yearender: National Aspirations Stirring in South Pacific (By Xiong Mingshan)"]—XINHUA headline]

[Text] Canberra, December 30 (XINHUA)—Indications of the wakening of national aspirations began to be seen in the South Pacific in 1987.

In Fiji, two coups, the first ever in the South Pacific, were staged by military leader Sitiveni Rabuka on May 14 and September 25, and these sent ripples of concern throughout the ocean region.

Rabuka openly declared that his coups, which overthrew the Indian-majority coalition government elected in April, were aimed at ensuring the permanent control of the country by indigenous Fijians.

Over the past century, immigrants from India and their descendants have come to outnumber indigenous Fijians. The island has an estimated population of 720,000.

At first, Fiji's traditional friends—Australia, New Zealand, the United States, Britain, and several Pacific island nations—moved swiftly to oppose the coups. New Zealand, Australia, and the U.S. announced they would suspend aid to the island.

However, as time elapsed, the aspirations of the indigenous Fijians drew support in the region, and this increased after Rabuka stepped down after declaring Fiji a republic last October. This declaration also terminated Fiji's membership in the British Commonwealth.

While Fiji was drawing the headlines, a historic fishery agreement with nationalistic implications, was making its way quietly through the U.S. Senate where it was unanimously ratified last month. The agreement gave international recognition to the South Pacific Forum Fisheries Agency (FFA), founded in 1979 by the 13-member South Pacific Forum.

Under the agreement reached in October last year and signed last April, the U.S. will pay 60 million U.S. dollars over the next 5 years for permission to fish in several areas of the FFA's exclusive economic zone which it formerly did not recognize.

The agreement is considered to be a product of the protracted effort of the island states to defend their national interests. Moreover its conclusion is expected to improve U.S. relations aggravated in recent years by illegal fishing by U.S. trawlers in the economic zones.

So far, eight countries—Australia, the Cook Islands, Fiji, the Marshall Islands, Nauru, Papua New Guinea, Tuvalu, and the Federated States of Micronesia—have ratified the agreement.

Also last year, Kiribati and Vanuatu, both forum members, signed fishing agreements with the Soviet Union. Other island states have also been discussing economic cooperation, including fishing rights, with the Soviets. These early signs of Soviet interest in the South Pacific, though of an economic nature at this stage, have drawn U.S. warnings and have aroused concern in and beyond the region itself.

The South Pacific states harbor some of the richest tuna grounds in the world in their 200-mile exclusive economic zones, and these contribute at least 30 percent of the world's total tuna harvest each year. Foreign vessels, however, catch some 80 percent of the region's tuna.

In New Caledonia, a French overseas territory rich in mineral resources, indigenous Melanesians continued their struggle for independence.

The native Kanak Socialist National Liberation Front led a large-scale boycott against a referendum on the island's future. The referendum last September had to be conducted under army protection, although Paris claimed its result was a vote of confidence for continued French government.

In addition, the United Nations Committee on Decolonization once again adopted a resolution reaffirming the right of the people of New Caledonia to self-determination and independence.

Near East & South Asia

'Roundup' Views Pakistan-Soviet Ties
OW291129 Beijing XINHUA in English
0856 GMT 29 Dec 87

[**"Roundup: Pakistan, Soviet Union Improve Economic and Trade Relations"**—XINHUA headline]

[Text] Islamabad, December 29 (XINHUA)—The economic and trade relations between Pakistan and the Soviet Union have been improved recently though their political relations remain cold.

The arrival yesterday of a Soviet trade delegation led by First Deputy Minister for Foreign Trade Y.P. Bavrinnikov indicates that the two sides have resumed discussions on economic and trade ties [words indistinct] the ministerial level, observers here said.

The modest Pakistani-Soviet trade grew steadily since Pakistan won independence in 1947 and averaged around 200 million U.S. dollars in the 1970s. However, it dropped sharply since the Soviet invasion of Afghanistan in 1979 and the two-way trade in 1986 was less than 80 million dollars.

The bilateral trade turnover this year reversed the trend drastically with an increase of 30 percent over the last year's.

Pakistan's main exports to the USSR are cotton yarn and textiles, ready-made garments, finished leather and leather goods and carpets. About 70 percent of its imports from the Soviet Union are machinery.

During the current three-day visit of the Soviet trade delegation, the two countries will sign two separate trade agreements.

Under the barter accord, the present level of trade will be increased by 50 percent. Another agreement envisaging a 28.6 million dollar turnover is to be signed under which the Soviet Union will import Pakistani products against the repayment of its loans given to the Pakistan steel plant and the Guddu power station.

Meanwhile, a list of 14 projects for which the host country is keen to receive Soviet financial assistance will be submitted to the Soviet emissary.

The distinct improvement of economic ties between the two countries came close on the heels of the U.S. Congress decision to suspend its economic and military aid to Pakistan for 105 days on the charge of allegedly importing U.S. special steel for nuclear weapons through a Pakistan-born Canadian national in July this year. Pakistan has denied the charge.

Analysts said Pakistani foreign policy makers have started to take more pragmatic approaches in dealing with the superpowers by differentiating political problems from economic affairs.

Official sources here said Pakistan has now reached a stage of industrial development where its industries instead of being inward-looking have to be outward-looking. So expanding economic ties with the USSR and other socialist countries in accordance with a new trade policy which took effect on July 1 this year, will carry the country's own advantages, they added.

A 24-member high-level Pakistani trade delegation visited Moscow on July 12-20 and a comprehensive agreement was signed for cooperation in economic fields.

In September Pakistan also awarded a contract worth over 266.4 million U.S. dollars to the Soviet Union for manufacturing, supply, erection and commissioning of three steam turbine units.

Pakistani Minister for Commerce, Planning and Development Mahbubul Haq said the business community in Pakistan is showing its growing interest in economic cooperation with the USSR. He hoped that the Pakistani-Soviet trade negotiations would be finalized during the visit of the Soviet deputy minister to Pakistan.

Soviet Ambassador to Pakistan Vezirov recently claimed, which is considered as a rather rare gesture, that his country was prepared to help Pakistan in all fields to enable it to overcome its problems.

Informed sources said the ongoing discussions will be followed up by a high-powered Pakistani delegation which is likely to visit Moscow early next year.

Group Sends Message to PLO's Yasir Arafat
OW291409 Beijing XINHUA in English
1311 GMT 29 Dec 87

[Text] Beijing, December 29 (XINHUA)—A Chinese association today expressed firm support to the Palestinian people in their struggle against Israeli occupation.

In a message to Yasir 'Arafat, chairman of the Palestinian Liberation Organization (PLO), the Chinese People's Association of Friendship With Foreign Countries indicated that the Chinese people strongly denounce the Israeli policy of aggression and expansion and the atrocities committed against the Palestinian people.

"The Chinese people have always been sympathetic with the suffering of the Palestinian people and firmly support their legitimate demand for restoring their national rights and just struggle to recover their land and establish an independent Palestinian state," it said.

It described the Israeli suppression of Palestinians in the occupied territories as "bloody" and "unforgivable."

The Israeli authorities must immediately stop slaughtering the innocent Palestinian people in the occupied territories and ensure their safety and basic rights, otherwise they will arouse stronger resistance of the Palestinian people, the message said.

"The Chinese people believe that with the support of people around the world the Palestinian people will certainly win their struggle against the Israeli occupation," the message concluded.

300,000 Tons of Wheat Received From Saudis
OW291422 Beijing XINHUA in English
1314 GMT 29 Dec 87

[Text] Riyadh, December 29 (XINHUA)—Saudi Arabia has exported wheat to the Soviet Union and the People's Republic of China, according to the English paper "RIYADH DAILY" published here today.

Director General of Grain Silos and Flour Mills Saleh al-Sulayman told the paper that the kingdom has exported 50,000 tons of wheat to the Soviet Union.

About 300,000 tons of Saudi wheat had also been shipped to the People's Republic of China, and the European Community (EC) imported the Saudi wheat at regular intervals, he added.

Federal Germany and Italy are leading among the EC member states in importing Saudi wheat, the official said.

Wonders have been made in a largely arid desert country where some places are without rain for years. The kingdom had allocated billions of U.S. dollars in the 1980-1985 development plan to build projects in overcoming water shortage and promoting farming and irrigation, thus attaining self-sufficiency in food production in 1984 as well as in eggs and broiler chickens.

According to the latest statistics issued by the Ministry of Agriculture and Waters, Saudi Arabia produced 2.662 Million tons of wheat in 1986. The kingdom has not only attained self-sufficiency in wheat, but [has] become a net wheat exporter in the Gulf region.

The kingdom has exported more than 1.5 million tons of wheat to a number of countries in Europe, Asia, Africa and the Arab world.

HSIN WAN PAO on Persian Gulf
HK270556 Hong Kong HSIN WAN PAO in Chinese
26 Dec 87 p 1

["New Talk" column: "The Persian Gulf Situation as Pressure Is Being Exerted and Talks Being Held at the Same Time"]

[Text] Iran has mustered anew an army of 370,000 on its borders. According to Western observers, as soon as the new year and the rainy season on the Iran-Iraq front begin, Iran will renew its large-scale land offensives.

Given this situation, on Christmas Eve, the chairman of the Security Council issued a statement indicating his firm intention of considering the taking of new moves to end the Iraq-Iran war. This statement has thus drawn much attention.

The question that is really worth chewing over is the exact purpose of this statement. Is it something intended to help the UN secretary general continue with his mediation efforts by hampering Iranian offensives? Or does it mean an immediate arms embargo on Iran?

Since the aggravation of the situation in the Persian Gulf, Iran and Iraq have been behaving differently in attacking oil tankers. The Iraqi Air Force concentrates its attacks on oil tankers transporting oil from Iran to destinations outside the Gulf and it hopes that Iran will also attack Kuwaiti (Kuwait is an important supporter of Iraq) oil tankers, thinking that if this happens, the U.S. warships escorting Kuwaiti oil tankers will have an excuse to get at Iran.

Iran has reacted by resorting to a different course of action. On the one hand, it does not chicken out. It also attacks oil tankers transporting oil for Iraq and stands up against the U.S. force there. However, it makes it a rule not to get involved in major conflicts with the U.S. fleet. On the other hand, as a countermove, it is making preparations for conducting land offensives. This is why it has mustered a large army on the front line.

However, if Iran indeed intends to mount some large-scale land offensives, it must wait for the arrival of the rainy season. By comparing the military strength of Iran and Iraq one will find that Iraq mainly relies on its modern mechanized units, whereas Iran is better at infantry warfare. Therefore, Iran always begins its offensives after the arrival of the rainy season, which is now quite far away.

The purpose and timing of the statement issued by the Security Council chairman could be to put some new pressure on Iran. Since the Soviet Union is the current chairman of the Security Council and since this statement was issued after the U.S.-Soviet summit, people cannot help conjecturing what tacit agreement the United States and the Soviet Union have reached on the situation in the Persian Gulf.

However, one can tell from the wording of the statement that the Security Council still has reservations. Further moves, but not an embargo on Iran, are mentioned in it. It seems that it will not consider taking its next move until the development of the situation becomes clear.

The summit held today between six Persian Gulf countries is a very important one. Of these six countries, Kuwait and Saudi Arabia are on the Iraqi side, whereas the United Arab Emirates and Oman are on rather good terms with Iran. It seems that they will not be able to make a unanimous decision on the arms embargo.

Iran has pointed out that as soon as an arms embargo begins, the Persian Gulf will become a dead gulf and that other countries on the Persian Gulf will also be affected. If the Security Council really wants to bring about a cease-fire between Iran and Iraq, it should try another method.

Although the Iranian authorities have rejected the statement issued by the Security Council chairman, it has not put a complete stop to people's mediation efforts. After the Security Council issued the statement, the UN secretary general reiterated that he would contact Iran and Iraq at the beginning of the new year to renew his mediation efforts. It seems that before the arrival of the rainy season, the situation in the Persian Gulf will remain unchanged for some time amid simultaneous fighting and talks.

Gulf Cooperation Summit in Riyadh Previewed
OW260446 Beijing XINHUA in English
0118 GMT 26 Dec 87

["Backgrounder: An Active Force on the Middle-East Scene"—XINHUA headline]

[Text] Beijing, December 26 (XINHUA)—The 8th summit of the Co-operation Council for the Arab States in the Gulf will open in Riyadh, Saudi Arabia, today. It will focus on the discussions of the Gulf situation and the Palestine problem.

The Co-operation Council for the Arab States in the Gulf is called Gulf Co-operation Council (GCC) for short. It consists of the United Arab Emirates, Oman, Bahrain, Qatar, Kuwait and Saudi Arabia. All these six countries are Islamic monarchical or emirate states. They have identical political systems and economic structure, with a total population of only about 16 million.

Abundant in petroleum, they have an estimated reserve of 37.3 billion tons of oil, which accounts for 46.3 percent of proven reserves in the capitalist world and 14.9 percent in the whole world. Also significant in strategic location, the region has become an important arena of fierce rivalry between superpowers.

On May 25, 1981, in order to strengthen co-ordination and co-operation in all political, economic, military, cultural, educational and social security, the six heads of state met in Abu.

The Supreme Council comprising the heads of state is the highest power organ. Its presidency is undertaken by each state in turn, in alphabetical order, for a renewable one-year term. Besides, there is a ministerial council and the secretariat. The secretary general is the GCC leading person in charge, who is appointed by the Supreme Council for a three-year term (renewable once). The current secretary general is 'Abdallah Yaqub Bisharah of Kuwait. The GCC headquarters is situated in Riyadh.

Since CGG was established, seven summits have been held annually with every one held in each capital in turn. In the past six years, the GCC has made great contributions to the safety and stability in the Gulf region, and to the unity and cooperation among member states, to the mediation of disputes between Arab countries, and to the aid of Third World countries in developing their national economy. It has become an important force which can not be neglected on the Middle East political scene.

South Asian Economic Situation in 1987
OW271954 Beijing XINHUA in English
1655 GMT 27 Dec 87

[Text] Hong Kong, December 27 (XINHUA)—South Asian countries achieved economic growth rate of variant degrees in 1987 despite serious natural calamities seen by most of the countries, especially India and Bangladesh, and the ethnic conflict in Sri Lanka.

Pakistan's gross domestic product (GDP) which registered a 7 percent growth rate in fiscal year 1986-87 (ending Jun 30), is estimated to grow by another 7 percent in fiscal year 1987-88, with the agricultural sector achieving a real growth rate of 6 percent and the manufacturing sector an increase of over 7 percent.

According to the country's Planning Commission sources, the output of major crops, despite unwanted heavy rains, is expected to rise by 6.5 percent while the output of rice, maize, sugarcane and cotton could be much higher than last year. The sources attributed the high yielding to substantially improved price initiative, sharp rise in fertilizer use and other agriculture-promotion measures.

Production of yarn and cloth, two of the major manufactures in the country, is expected to go up by 17.4 percent and 6.3 percent in 1987-88. New investments in cement, recovery in sugar production and continued growth in jute goods, paper and steel products also contributed to the industrial growth.

However, budget deficit and unfavorable balance of payments continue to be matters of great concern for the country's economic development. This year's budget shows signs of reversing the trends in recent years, which have seen deficits averaging 7.5 percent of GDP and domestic borrowing averaging about 6 percent of GDP.

Nepal envisages a 5 percent growth of GDP in fiscal year 1987-88 (beginning July 16) against the 2.3 percent growth rate of 1986-87.

Growth in the Nepalese agricultural sector in fiscal 1987-88 could be as high as 10 percent despite adverse weather conditions in the east and west of the country.

The state of the economy of Nepal during the first quarter of the 1987-88 fiscal year (July to September) was generally good: Total revenue collection increased by 31 percent from the corresponding period last year, exports increased by 44 percent to about 37.4 million U.S. dollars in value from the year-ago period, while imports went up by about 20 percent, resulting in narrowed trade gap.

The Nepalese Government attributed the favorable economic performance this year to the adoption of structural adjustment program in fiscal 1986-87 and a healthy economic condition in the country by correcting the various economic imbalances.

The Indian Government predicted that India's GDP growth rate would be between 1.6 percent to 2.5 percent during the 1987-88 fiscal year (beginning April first) as against an average annual growth rate of 5 percent in the last 7 years.

According to local press, India's industrial sector recorded an all time high growth of 13.6 percent in the first 7 months of this year over the same period of 1986. However, the economy experienced a major setback in the second half of 1987 due to the severe drought which has reportedly affected a population of 285 million, or 40 percent of the total Indian population. The country's northeastern Bihar state had shared the curse of the floods in Bangladesh since the middle of this year, with one million people affected.

As a result, Indian foodgrain production in fiscal 1987-88 is officially estimated to have a shortfall of 10 million tons. According to the World Bank's current estimate, India's agricultural output would decline by 10 percent this calendar year.

Figures published by the December 24 issue of the "FAR EASTERN ECONOMIC REVIEW" showed that from July to September this year, India's exports reached 2.84 billion U.S. dollars, or 1.2 percent over the previous three months and 25 percent over the year-ago period. But the country still had a trade deficit of 1.24 billion U.S. dollars in the third quarter of this year.

During April first to October 17, according to another source, prices in India forged ahead at an average annual rate of 15 percent.

President of the Asian Development Bank Masao Fujioka predicted recently that India would have a higher economic growth rate next year should a normal weather pattern resume.

Bangladesh, which saw a good growth rate of over 4 percent in fiscal 1986-87 (ending June 30), may fail to retain the same growth rate in 1987-88. The country's

economic situation has been hit hard by a flood between July and September, the worst in 40 years, badly affecting the agriculture sector, which contributes about 60 percent to the GDP.

Because of the flood, 13 percent of the government's annual development plan (ADP) for fiscal 1987-88 has been drawn for rehabilitation activities, after effect of the flood may also force the country to double its foodgrain imports in fiscal 1987-88, originally targeted at 2 million tons.

However, observers suggested that the country would achieve the export target of 1.1 billion U.S. dollars in fiscal 1987-88. The economy of Sri Lanka is expected to grow by about 3 percent in 1987 as against 4.3 percent registered last year.

The declining rate of economic growth this year was mainly due to the four-year-old ethnic conflict between the separatist Tamil militants and the government, and the fighting between the Tamils and the Indian troops in Sri Lanka, which have eaten away a great proportion of the financial allocation and driven tourism, a major foreign exchange earner of the country, down by 23 percent in the first half of this year.

The prolonged drought in the first half of this year also severely affected the production of major crops, in particular tea, rubber and coconut, the major foreign exchange earners of Sri Lanka.

The industrial sector of Sri Lanka, however, achieved an 8 percent real growth in the first six months of this year over the year-ago period, almost entirely on account of continued growth in the private sector, which grew by 16 percent.

The improved performance was attributed to the liberalized economic policies introduced by the present Sri Lankan Government since 1977.

Trade deficit of the country saw no major improvement this year, and 28.2 percent of export earnings were dedicated to debt service payments.

Sri Lankan officials predicted that the GDP of the country would grow by 5 per cent next year. But some economists noted that this could be realized only when peace is restored in the island country.

Latin America & Caribbean

2-Year Cultural Agreement Signed With Peru OW291205 Beijing XINHUA in English 0904 GMT 29 Dec 87

[Text] Beijing, December 29 (XINHUA)—The Chinese and Peruvian Governments signed here today the 1987-1989 plan for implementing their cultural agreement.

According to the plan, the two governments will hold exhibitions, exchange art and press delegations and provide scholarships for each other's students.

Chinese Minister of Culture Wang Meng and Peruvian Ambassador to China Roberto Villaran Koechlin signed the plan.

U.S. Policy in Central America Viewed
OW300029 Beijing XINHUA in English
1830 GMT 29 Dec 87

["News Analysis: Trend of Peace, Democracy and Development—Prospects for Latin America (By Wu Yongheng)"]—XINHUA headline]

[Text] Beijing, December 29 (XINHUA)—The widely acclaimed Guatemala peace agreements have struck up a tone of peace, democracy and development in Latin America and made it possible to settle the eight-year conflicts in Central America in the coming year.

The agreements, also known as the Central American Peace Accords signed by the presidents of the countries in the area—Costa Rica, Guatemala, El Salvador, Honduras and Nicaragua—have contributed to the relaxation in this "hot spot" of the world. The relaxation there is expected to continue in the new year.

The peace accords, especially its term of "terminating aid to irregular forces", have imposed some political and moral restrictions on Washington's new aid to the Nicaraguan contras and prevented in a way an escalation of the hostilities between the United States and Nicaragua.

Having found its attempt to topple down the Nicaraguan Sandinista Government thwarted, the Reagan administration, much weaker as it is to enter the year of the general presidential elections, has come under strong criticism from the Congress and the general public for its policy toward Central America.

Under these circumstances, the chance for a direct U.S. interference in Nicaragua will be greatly reduced in 1988, the last year of the term of President Ronald Reagan.

It is generally believed that Reagan's successor, Democratic or Republican, will hardly pursue an aggressive policy toward Central America as Reagan did. The peace accords have in a sense ushered in a post-Reagan era for the process of peace in the region.

Meanwhile, Moscow is also readjusting its policy toward Central America. Reagan indicated that Soviet leader Mikhail Gorbachev had promised during the recent U.S.-Soviet Washington summit to stop military aid to Nicaragua in order to speed the process of peace in Central America.

Western analysts observed that Moscow is seeking a new relationship with Washington when it came to realize that there is no point in maintaining latent superpower hostilities in the region. The superpower stance for a global strategic relaxation has helped create a climate for this "hot spot" to go relaxed.

However, the road to peace is still rough and tortuous. It seems that the question of the guerillas will constitute the biggest obstacle to implementing the peace accords.

Since the signing of the peace agreements, amid the non-stop gunfire in the region, no "irregular forces" have expressed willingness to lay down their arms.

The problem of the guerrilla in El Salvador and Guatemala, which resulted from their irrational political, social and economic structures, cannot be solved overnight. It will not be easy as well for Washington to drop its aid to the Nicaraguan contra rebels. 1988 is an election year in Latin America. elections in El Salvador are scheduled for the beginning of the year. Venezuela will hold elections around Christmas, the Paraguayans and the Mexicans will also choose a new government.

In Chile, there will be a referendum on the presidential candidate named by the Armed Forces for the "transition period." If the Brazilian parliament passes a bill to shorten the term of the president, the Brazilians will have a presidential election. The Haitians must also choose their own government to take over from the tentative governing committee.

Since the beginning of the 1980's, military officers have gradually returned to their camps and handed back the governing posts to civilians. To resume constitutionalism is obviously an inevitable tendency. Within this trend, Paraguay and Chile are two isolated islands in South America.

It is expected that the elections in 1988 will go on smoothly. There will not likely be any theatrical results. However, situations in Panama and Haiti have drawn great public attention. As political disturbance and economic crisis deteriorate, any changes in the Panamanian Government circles are expected. after the presidential election on January 1, 1987 failed in Haiti, the situation there has been unstable and is still unclear.

However, despite the threatening position of the military in the democratic process, the Latin American people are not likely to have military dictatorship in a short period of time.

The foreign debt problem is still the main factor blocking the economic development in Latin America.

The situation in 1987 was poor as the economic growth decreased and inflation increased. The foreign debt has reached beyond 400 billion dollars. Western economic experts are not optimistic about the 1988 situation either.

Lack of money is one of the factors that stop Latin America from ridding off the economic crisis. Under the current payment conditions, most of the new loans are used to service interests' payments. Therefore, the debt keeps growing and turns into a problem increasingly difficult to solve.

The Latin America debt crisis emerged before 1982. It then totaled 287.8 billion dollars. In the next five years, interests' payments reached 132 billion dollars, about 50 percent of the debt at the time. By the end of 1987, the foreign debt reached 410 billion dollars.

The credit banks have reached agreements with Mexico, Argentina and Venezuela, the major debtor countries, to reschedule the payments. Brazil has also reached a tentative agreement with them. The debt of the four countries amounted to about three fourths of the total Latin American debt. The debt situation is expected to keep stable in 1988.

To speed up economic development is the essential way to solve latin america foreign debt problem. Latin American countries should emphasize the fact that they could pay back in line with future economic development. They should also seek various payment measures. Latin American countries should also promote an integration process and improve bilateral and multi-lateral cooperation so that they can develop together.

Fang Lizhi, Liu Binyan Named to CPPCC
HK300745 Hong Kong MING PAO in Chinese
30 Dec 87 p 2

[Report: "Fang Lizhi and Liu Binyan Nominated Members of the CPPCC National Committee"]

[Text] Roundup of news from our reporters and foreign dispatches: According to well-informed Chinese sources on Monday, Fang Lizhi and Liu Binyan, two noted intellectuals expelled from the party last January, have been nominated members of the CPPCC National Committee.

The sources said: Party General Secretary Zhao Ziyang wants to show that China can tolerate criticism and wants to bring it out into official channels. However, it is not known whether either of them will accept the nomination.

Last night, our reporter telephoned Liu Binyan's home in Beijing to confirm this news. Liu's wife, Mrs Zhu Hong, said that they had also heard this news but had not considered the matter as they had not yet received official notification. But she said that she believed that Mr Liu would not reject it.

Hsu Shih-min, a Hong Kong and Macao member of the CPPCC National Committee, proposed during the Fifth Session of the Sixth CPPCC National Committee early this year that Fang Lizhi, Liu Binyan, and Wang Ruowang, three noted intellectuals who were expelled from the party, be appointed CPPCC members. Yesterday Hsu Shih-min told our reporter that according to reliable information, Professor Fang Lizhi and Liu Binyan would become members of the next CPPCC National Committee next year.

Writer Wang Ruowang, who is now living in Shanghai, will not be included. However, it is believed that the authorities will make other arrangements for him. Recently many of the country's publications have invited Wang to contribute articles.

Mr Gsu said, the First Session of the Seventh CPPCC National Committee will be held during the last 10 days of next March. The new CPPCC members will be made public at the end of next month. It is believed that Professor Fang Lizhi and Liu Binyan will be listed in the science group and literature and art group respectively.

Moreover, candidates for new CPPCC members from the Hong Kong and Macao region are also being deliberated. Mr Hsu said that the number would be increased.

Fang Lizhi, Liu Binyan, and writer Wang Ruowang were expelled from the party last January. The then party general secretary, Hu Yaobang, resigned as a result of

"ideological errors", while Fang Lizhi, Liu Binyan, and Wang Ruowang were regarded by the official media as supporting "bourgeois liberalization," that is, term political ideas.

Fang Lizhi, an astrophysicist, was relieved of his post as vice president of the University of Science and Technology. Last May he was allowed to attend an international science conference in Italy. In an interview that he gave to a West German magazine while he was in Italy, he said: "Marxism does not have much use," and the CPC "has not made valuable achievements in the past 30 years."

A Beijing University official said that the interview was translated into Chinese and was criticized at the university's study meetings.

Fang Lizhi was allowed to meet with foreigners, including reporters.

In an American television interview last September, Zhao Ziyang said: Fang still holds the people's respect as an intellectual and scientist, and his work at the Beijing Observatory also enables him to make use of his abilities.

The sources said: The party deals very carefully with Fang Lizhi because he enjoys extensive support among intellectuals in the country and is well-known abroad.

The situation concerning writer Liu Binyan is slightly different. Although he has been expelled from the party, he is still loyal to it and indicates in his work that communism can sweep away dishonest practices.

A party official said that if Liu Binyan can correct his mistakes, he is welcome to rejoin the party and be reinstated as a party member.

Council on Administrative District Changes
OW250042 Beijing XINHUA Domestic Service
in Chinese 0910 GMT 23 Dec 87

[Text] Beijing, 23 Dec (XINHUA)—The State Council recently abolished a number of counties and regarded the administrative areas of the original counties as city administrative areas.

Danyang County, Dongtai County, and Suqian County have been abolished, while Danyang City, Dongtai City, and Suqian City have been established as county-level cities in Jiangsu Province.

In Fujian Province, Shishi City (county-level) has been established with Jinjiang County's Shishi, Yongning and Hanjiang towns and its Xiangzhi Township as Shishi City's administrative district. Shishi City is under the direct administration of the area. In Guizhou Province, the Shuicheng Special District has been abolished, while Liupanshui City, Zhongshan District, and Shuicheng

County have been established. The 13 townships originally under the Shuicheng Special District are the administrative areas of the Zhongshan District. The rest of the 98 townships become Shuicheng County's administrative areas. The county people's government is in the Zhongshan District.

Commentator on Theoretical Exploration

HK291547 Beijing GUANGMING RIBAO in Chinese
7 Dec 87 p 1

[Commentator's Article: "Create a Fine Environment for Exploration and Creation"]

[Text] The 13th Party Congress set for the entire party the task of studying and enriching Marxism-Leninism-Mao Zedong Thought in the course of practice. To fulfill the task, our theoretical research work should be full of vitality and the spirit of exploration and creation. To achieve this end, a fine environment is needed. The remarkable leap in our practice since the 3d Plenary Session of the 11th CPC Central Committee and the many breakthroughs in the theoretical field since the session are inseparable from our effort to create and maintain a fine environment for the leap and breakthroughs. This environment has not come easily, and we should treasure it with particular attention.

To provide a fine environment for exploration and creation, there is the need to persist in free academic discussions. As it is not easy to distinguish between right and wrong in theoretical researches, a cautious attitude is necessary. Only full discussions and the tests of social practice can determine what is right and what is wrong. If, for the time being, no unanimity of understanding can be reached during debate over certain problems, no uniform opinion should be imposed, because imposing a uniform opinion will do the participants no good. During an academic discussion, problems should be discussed by reasoning and the participants should be united. The purpose of airing critical opinions is not just to criticize others, but to distinguish between right and wrong. So long as the state constitution and law are observed (party members should abide by the party constitution, of course), problems arising in an academic discussion should be dealt with by academic means. In particular, attention should be paid to allowing the one criticized to reserve the right to defend himself and conduct counter criticism. This will enable him to remain unaffected both in the political and academic fields. It is necessary to encourage people to persist in truth, to correct mistakes whenever they occur, and to oppose the habit of parroting others.

In providing a fine environment for exploration and creation, it is necessary to adhere to the principle of treating all people as equals before truth. Developing Marxism is the common task of all Marxists; no one is allowed to monopolize it or to be a judge giving "standard answers" to the problems under discussion. Different opinions on an article can be aired for discussion, but

no one is allowed to force his opinion on others. Academic issues should be solved by academic means, and decisions should not be based on personal will.

In providing a fine environment for exploration and creation, it is also necessary to change the traditional system, leadership methods, and management which do not conform to scientific research. Modern scientific development is fast and involves a wide range of knowledge. No one can be very familiar with all academic problems, no matter how profound his academic knowledge is. As managerial personnel on the ideological and theoretical fronts, there is no need—in fact it is impossible—for them to exercise too specific and too meticulous management over all academic problems; it will be good enough if they can give guidance in terms of the general orientation. On the other hand, theorists and academics should patiently listen to others' opinions and maintain unity with others even if they have different opinions with them. In this way, a harmonious atmosphere will emerge in which theorists, academics, and other people will share their common efforts for exploration.

In providing a fine environment for exploration and creation, it is more important to make a correct assessment of our theoretical contingent. Practice on the theoretical front indicates that in spite of their great differences in the academic and theoretical spheres, most of the comrades on the theoretical front are in favor of the line laid down by the 3d Plenary Session of the 11th CPC Central Committee, adhere to the four cardinal principles, stand for reforms and opening up to the world, and pursue truth according to Marxist principles. Our theoretical contingent is trustworthy. Of course, theoretical research work is lagging behind the development of reforms and there are still debates over differences of opinion. Temporary failure to keep pace with reforms should not be regarded as a rigid mind, nor should excessive remarks in the course of the emancipation of the mind be regarded as bourgeois liberalization. Rigidity and liberalization have their own special definitions and should not be applied at will.

Comrade Zhao Ziyang's report to the 13th congress points out: "Marxism is a branch of science which constantly develops in the course of practice. Marxism should have new and great development. This is the general trend of the present era." The process of the development of Marxism is also the process of constant study, constant exploration, and constant creation. The constant development of our theory and cause lies in bringing into play our scientific spirit and creativeness as well as in arousing the whole nation to carry out exploration and creation boldly. An atmosphere should be created between leaders and theoretical workers in which they understand and trust each other and work together for a fine environment beneficial to exploration and creation.

Commentator on Lessons of Reform
HK260938 Beijing CHINA DAILY in English
26 Dec 87 p 4

[From the "opinion" page: "Looking Back and Ahead"
by CHINA DAILY Commentator]

[Text] Looking back on the year drawing to a close, the Chinese people can learn some highly useful lessons. Stemming from the increased pace of reform and development, these can help them look to further changes in their lives.

The first lesson was regarding a workable theory. Generalized as socialism's "primary stage," it was endorsed by the Communist Party's 13th National Congress and has been written into the Party's programme of action. Most social scientists apparently agreed with this, as they know how useful it can be in solving problems facing the nation's reforms.

Until the congress, which ended in November, the argument over whether a specific reform scheme was compatible with socialism rose time and again, making it difficult for society to work in concert. Now, the theory says it is not the reforms that are contrary to socialism, but that some people have incorrect ideas about socialism, or of the reality of today's China. And there is a long list of unwanted concepts, from looking down on a market economy to letting the Party engage directly in administration. All this must disappear in the reforms.

A practical attitude towards society's ideal is as important for China as a compass is for one to know where he is and how he will reach his destination. When this theoretical compass was presented to a long line of younger leaders at the congress, the reforms were given a better opportunity to go forward.

The second lesson was also provided by the Party's 13th National Congress. Without firm steps towards institutionalized democracy, the people's rights would remain flawed and society's creativity fettered. The meeting speeded up the effort to separate the roles of the Communist Party, the government, enterprises and mass organizations, and was accompanied by increasing consultation and dialogue between officials and the public.

Political reform will gather further momentum next year, especially after the first session of the new National People's Congress next March. This year's preparations should prove beneficial to the procedural progress of democratization.

The third lesson concerned economic reform. Now that it is taking on wider scope, there are numerous complications, often in the form of clashes between new policies and the old ones, or between different interests and expectations. Thus, keeping the reform on a steady keel becomes more important.

This is precisely where the emphasis of the State Council was on this year and will be next year. Economic reform in 1987 saw a number of important gains which created the proper environment for more crucial breakthroughs. Enterprises are now more ready to compete on the market, and, correspondingly, a new financial system is being structured.

Forecasts say the 1988 world economy will probably be a dark one, if not running into a recession. Meanwhile more Chinese enterprises will be seeking goods and markets overseas while facing sharper competition. But judging from the year's achievements, the Chinese economy still has good prospects if enterprises continue to improve management and product quality.

With all the political and economic experience they have now accumulated, the Chinese people are confident as they look forward to the onrushing new year.

Song Renqiong, Wife Tour Sports Facilities
HK250856 Changsha Hunan Provincial Service
in Mandarin 0100 GMT 16 Dec 87

[Text] Song Renqiong, vice chairman of the CPC Central Advisory Commission, and his wife yesterday made an inspection tour of Chenzhou city in the company of Wan Da, chairman of the Hunan Provincial CPC Advisory Commission, as well as leading comrades from the Chenzhou Prefectural CPC Committee and the prefectural administrative office.

Comrade Song Renqiong, who is at the advanced age of 79, zestfully toured the new training hall for the national women's volleyball team at the Chenzhou State Sports Base, visited the (Zhupeng) hall, where the then national women's volleyball team underwent arduous training during its first visit to Chenzhou. Our revered Comrade Song wrote for the sports base this inscription: "Work hard and perseveringly; constantly bring forth new ideas." It was written to praise the contributions made by all the working personnel of the sports base to enabling the national women's volleyball team to win five world championships in 5 years.

Song Jian at Personnel Service Meeting
OW290355 Beijing Domestic Service in Mandarin
1030 GMT 22 Dec 87

[Excerpts] According to our reporter Sang Shibo, the Leading Group for Scientific and Technological Work of the State Council sponsored a national meeting in Shijiazhuang City today to exchange experience in making flexible use of the services of scientific and technical personnel with emphasis on spreading the experience of Hebei Province.

The meeting was presided over by Song Jian, deputy head of the Leading Group for Scientific and Technological Work of the State Council.

After the party Central Committee promulgated the Decision on Reform of the Science and Technology Management System in 1985, Hebei Province sent scientific and technical personnel in a planned way to rural areas and to village and town enterprises where a shortage of qualified workers for science and technology was felt. Since December last year, the provincial party committee and government have, in particular, promoted the flexible use of the services of scientific and technical personnel; the main measure taken is to support and encourage them to do technical work at grassroots on a contractual basis. More than 22,000 scientific and technical personnel of enterprises, institutions, and party and government organizations in the province have gone to rural areas to do contract technological work, play a leading role in running village and town enterprises, and offer technological service at certain localities by collecting a service charge. The economic benefits created by these activities are valued at some 400 million yuan. [passage omitted]

Some prefectures like Xingtai and Handan have few scientific and technical personnel available, but a number of backbone technicians are holding leading posts in party and government organizations. The provincial authorities permit them to do contract work without losing their original jobs. Now, some 100 scientific and technical personnel holding leading posts at the county level and some 1,600 holding administrative posts at the county and departmental levels are doing contract work or playing a leading role in running enterprises at the grassroots level.

Song Jian Awards Prizes to Young Writers
OW300753 Beijing Domestic Service in Mandarin
1600 GMT 25 Dec 87

[Text] The second awards ceremony for outstanding theses written by young people of central state organizations was held in Beijing today.

Song Jian and other leading comrades awarded prizes to writers of the 191 theses selected as qualified articles. Most of the competition theses discussed problems in the course of reform and offered original proposals for solving them.

Chongqing Leaders Brief Wan Li on Reform
OW291213 Beijing XINHUA Domestic Service
in Chinese 1547 GMT 28 Dec 87

[By reporter Yuan Guanghou]

[Text] Chongqing, 28 Dec (XINHUA) — On 27 December in Chongqing City, Wan Li, vice premier of the State Council, pointed out the following after being briefed on the idea about a new round of reforms in the city: To deepen reform, the first thing to be resolved is the question of ideology and concept. It is necessary to let the whole party and all people know the reform-deepening idea of the leading stratum so that they will be more

capable of withstanding the mental stress due to the reform. In this way, the reform will have popular support, and it will be easier to overcome difficulties, if any.

Comrade Wan Li arrived in Chongqing from Bangkok by plane on 26 December in the wake of his visit to Thailand. On the morning of 27 December he was briefed by Liao Bokang, secretary of the Chongqing City party committee, and Xiao Yang, mayor of the city, on the whole idea of a new round of reforms to be conducted in Chongqing; that is, to persist in taking "two invigorations" as two central tasks and carry out "five-five" comprehensive and coordinated reforms.

Liao Bokang and Xiao Yang said: With the development of urban reform today, if we are to invigorate enterprises, we must continue to deepen the reform of their internal operational mechanisms. At the same time, we must also invigorate the city so as to provide enterprises with a better external condition. If the city is not vigorous, enterprises cannot really be "vigorous." For this reason, in the new round of reforms in Chongqing, we should always take the invigoration of enterprises and the invigoration of the city as two "central" tasks and develop the work from shallow to depth and from single reforms to comprehensive and coordinated reforms. Emphasis should be placed on straightening out and properly handling five relationships, namely, the relationships between the state and enterprises, the plan and market, micro-flexibility and macro-adjustment and control, economic structural reform and political structural reform, economic structural reform and economic development. The work of Chongqing's new round of reforms is to grasp the five coordinated reforms in these five aspects in the hope that, through 3 to 5 years of efforts, the economy will be put on the track of "the state regulating the market and the market guiding enterprises" and then the framework of a new socialist commodity economic system will be established step by step.

After hearing their briefing, Comrade Wan Li said: Your idea about the reforms conforms to the guidelines presented by the 13th CPC National Congress. Every city should have its own comprehensive reform plan. Invigoration of enterprises should be the central task of reform. This is the basic idea. In invigorating enterprises, it is necessary to implement the contract system. To do so is better than not to do so, and a long contract period is better than a short contract period. A long contract period will enable the enterprise to make long-term planning. In invigorating enterprises, it is also necessary to study how to give full play to the city's various functions. Chongqing has done a lot of work in this respect. It should boldly put ideas into practice and try to acquire experience in this regard. In addition, Chongqing, which is a port city on the upper reaches of Chang Jiang, should speed up its pace in opening to the outside world.

In doing the briefing, Liao Bokang also said: Under the circumstances where old systems are being replaced by new ones and both still coexist at this time, the duality of

systems, the transitional nature of policies, and the gradual progress of reforms are bound to give rise to numerous contradictions and frictions, while the bounce-back reaction is hard to eliminate in a short time. In view of this, while the new round of reforms are under way, continued efforts should be made to enhance people's ability to withstand the stress caused by the reforms. Comrade Wan Li said: As to whether or not various difficult questions can be successfully resolved in our reforms, a change in concept is of great importance. He pointed out: Were it not for Comrade Deng Xiaoping who led us to eradicate the "two whatevers" ideology and concept, there would be no reform and opening to the outside world today. As can be seen, the effects of ideology and concept are not to be underrated. In deepening reform, it is, first of all, necessary to resolve the question of concept. You should not only resolve the question of the ideology and concept of the leading stratum, but should also publicize among all party members and all people the idea you have formed about the new round of reforms on the basis of the guidelines of the 13th CPC National Congress. At least, you should let all staff members and workers of enterprises know it. The work of deepening reform will encounter many difficulties. Only when the masses are made aware of the leading party and government organs' intent and idea about reform and see the significance and prospect of reform can they increase their confidence, raise their ability to withstand the stress caused by reform, and work together to overcome difficulties and push the progress of reform.

In the early 1950's, Wan Li worked in the Southwest Military and Administrative Council located in Chongqing. After his arrival in Chongqing on the afternoon of 26 December, he visited the Chaotianmen Wharf, the Jialing Jiang cableway, and the Chongqing People's Auditorium. He also met with the masses of citizens in the city.

Zhang Aiping Visits Army Border Station
*HK250900 Xining Qinghai Provincial Service
in Mandarin 0430 GMT 16 Dec 87*

[Text] At the end of November, Zhang Aiping, minister of national defense; and Hong Xuezhi, deputy secretary general of the Central Military Commission, wrote inscriptions for the Qinghai-Xizang Army Service Station, acclaiming their hard work on the plateau for 30 years and their outstanding contributions toward border defense building in the northwest and southwest of the country.

Zhang Aiping's inscription is: Fighting on the plateau, working hard to do pioneering work, crossing the roof of the world, displaying the heroism of our Army.

Hong Xuezhi's inscription reads: Working hard to do pioneering work on the windy and snowy plateau and [words indistinct] on the Qinghai-Xizang route.

JIEFANGJUN BAO on Army Reform
*HK241231 Beijing JIEFANGJUN BAO in Chinese
11 Dec 87 p 3*

[Article by Gao Chunxiang (7559 2504 5046) and Wang Anrui (3769 1344 3843): "Reform Must Proceed from the Realities of the Army"]

[Text] Reform has injected vigor and vitality into our effort to modernize the army. How do we speed up and deepen reform of our army under the guidance of the spirit of the 13th CPC National Congress? Yang Shang-kun, vice chairman of the Central Military Commission pointed out that it is important to proceed from the realities of the army.

Proceeding from the realities is an ideological line our Party has always advocated and adhered to. Whether we can cause this line to be implemented throughout the course of reform in the army will have a direct bearing on the destiny of reform. Since the 3d Plenary Session of the 11th CPC Central Committee, a series of important achievements have been made in our army's reform. The main reason for our achievements is that the policy decisions made by Chairman Deng and the Military Commission are all in conformity with the realities of our army in the new period, and have greatly aroused the initiative and creativity of the broad masses of commanders and fighters. However, there are also some units which have not attached due importance to the study of the realities of our army and the special laws governing our military work. They have mechanically copied the experiences of foreign armies or local practices. As a result, they have encountered setbacks in reform or have even made some mistakes. This shows that if we are not clear about the real situation and our actual needs, we will be unable to promote modernization of our army.

In our opinion, in order to proceed from the realities of the army in our reform, we must emphasize the study of the following questions.

1. General Characteristics and Laws of Military Affairs
[subhead]

There are always generalities and differences between one thing and another and between one sphere and another. The main specific characteristics of the military sphere are as follows:

—Although the missions and functions of an army determine that it occupies a very important position in a country, in the final analysis, it is a part of the great system of the state. Thus, it cannot but be restrained by various factors, especially by the development of political and economic affairs as well as science and technology. Military strategy is subordinate to the overall strategy of the state, and military development must be based on economic development and the development of science and technology. Therefore, military reform cannot

be carried out in isolation and in accordance with its own needs. It is necessary to give priority to the needs of the state and take all the possibilities into consideration.

—The army is a well-organized armed group with a complicated structure. It must be prepared for war at all times and must have both a deterrent force and an anti-deterrent force. Therefore, all countries require their armies to maintain a high degree of stability and unity. An army with a higher level of modernization has also a higher demand for regularization. It must be more strict in administration, strengthening its unity by enforcing iron discipline and standardizing its conduct by implementing regulations, laws, and decrees. Modern wars will be more acute, complicated, and cruel than any previous wars. Thus, the army is required to improve its fighting quality, that is, to combine the forces of various arms of the services and to combine modernized men with modernized weaponry in a scientific manner.

—In peacetime, the army's principal everyday activities are education and training. This is different from the production, trade, and scientific research in other spheres and is different from the activities of local schools as well. Through education and training, the army has to cultivate qualified military personnel to suit the needs of war. It should attach great importance not only to the quality of individual soldiers, but the function of the collectives as a whole, including army companies, platoons, and squads, as well as the three armed services of the Army, the Navy, and the Air Force. The objectives and results of military activities and the methods to achieve these objectives and realize the results are thus clarified. The army has its specific requirements and methods.

These general laws, which can be deduced from the construction and use of armed forces of various countries, are directly affecting and restraining the reform in the military sphere. Undoubtedly, when studying the realities of the army, we must first pay attention to these specific characteristics of the army so that we can avoid mechanically copying the experiences of local reforms in an oversimplified way.

2. Historical Traditions and Actual Conditions of Our Army [subhead]

Since the end of World War II, some developed countries have carried out a series of reforms in their armies. There is much in their experience that we can use. However, our army building should have some distinctive "Chinese characteristics." In our reform we must take into account our own history and reality.

First, China's economic basis is comparatively weak. Now our country is concentrating its strength on economic construction. There are insufficient funds to satisfy the needs of our army building. On the other hand, since our country is a large one, to safeguard our national security we have to keep a fairly big standing army.

Under the situation of less funds for the military and large numbers of military personnel, there are naturally more difficulties and contradictions.

Second, compared with the developed countries, the level of modernization of our army is still rather low. In weapons and equipment, we are generally 10 to 20 years behind, except for a few advanced weapons. This gap cannot be closed in a short period of time. Moreover, while we are developing, they continue to develop.

Third, the ability and status quo of our country and nation's education have also resulted in there being a gap between the cultural quality of our officers and men and that of the officers and men of the developed countries.

Fourth, China has a vast territory with long boundary and coast lines. Since relations with neighboring countries are complicated and there are factors of intranquillity, we are not allowed to lower our vigilance and postpone our army's modernization drive.

In addition, there are also great differences between our army and foreign armies in ideology, tradition, and style.

We must not be overanxious for quick results in our reform and construction to the neglect of objective reality. We can only proceed from our reality and follow a path of achieving greater successes with less money. We must limit the scale of our reform and carry it out in order of importance. Meanwhile, it is also necessary to handle well the relations between inheritance and creation so that we do not discard the fine traditions and style of our army, which have been formed over several decades. In short, in our army reform, we must proceed from our own realities and explore a path of army building with distinctive Chinese characteristics.

3. Differences Among Various Levels and Units of Our Army [subhead]

The army is a large system. Its situation is very complicated. There are both macroscopic and microscopic realities in the army, and the realities differ from level to level, from unit to unit. Therefore, we must not only recognize the differences between our army and foreign armies and between the army and local units but must also recognize the differences among various units within the army.

For example, there must be differences between government organs and army units in the content and emphasis of reform. The task for leading organs is to study policies and work out general plans and to do a good job in leadership and guidance work. Therefore, their reforms should be carried out around the aspects of leadership ideology, leading method, working style, work efficiency, and scientific management. The army is the main body of our reform. Whether our army reform can be successful depends on whether the reform is in conformity with the general task of our army building and the general

target of reform. Therefore, generally speaking, the army reform is aimed at strengthening the army's modernization and regularization drive and increasing the army's fighting capacity in an all-round way. However, since the situation differs in thousands of ways in various concrete units, we must not impose uniformity on all units. For example, there should be differences in the content and emphasis of reform between combat and supply units, between the motorized units and frontier guards, between the units engaging in construction and production and those mainly engaging in military training, and between ordinary units and reserve forces.

The task of academies and schools is to train as many qualified students as possible. The reform in academies and schools must be carried out in accordance with the law of training. It is necessary to improve the existing educational structure of the schools and make the scale of their development and method of training people more reasonable and effective. It is also necessary to modernize their teaching methods and administration through reform.

The situations of military science research units and military industrial production units are relatively special. Some of them have the nature of enterprises or sementerprises, and some are pure scientific research units. Some of them have to be changed to producing products for civil use, and some have to be merged with local enterprises. The reforms in these units have more things in common with local reforms. We must not set the same demand on them as on other army units.

Provided we make a conscientious analysis and seek the road for our development in light of reality, we will surely achieve successes in our reform.

Ministry's New Regulations for Ex-Servicemen
HK250338 Beijing CHINA DAILY in English
25 Dec 87 p 3

[Text] (CD [CHINA DAILY] NEWS)—The Ministry of Civil Affairs has announced the settlement regulation for demobilized soldiers recently passed by the State Council.

"In the past 29 years we have always used temporary provisions for ex-servicemen. But these provisions, which had played a very important role in our country, do not meet the needs of today," said Fan Baojun, Vice-minister of the Ministry of Civil Affairs, at yesterday's news conference in Beijing.

The new regulation stipulates that in principle ex-servicemen should go back to their hometowns after leaving the army.

In China, 80 percent of soldiers come from the countryside, so it is impossible to allow all of them and their families to settle in cities and towns, Fan said.

The regulation also stipulates that retired soldiers who had no job before they joined the army should be relocated by the State.

Over the past three years, the State has settled 750,000 former soldiers and 41,000 retired cadres.

Trade Deficit Reduced by \$8.5 Billion
OW301358 Beijing XINHUA in English 1118 GMT
30 Dec 87

[Text] Beijing, December 30 (XINHUA)—China reduced its foreign trade deficit by 8.5 billion U.S. dollars this year than last year and it now stands at 3.5 billion U.S. dollars.

This was disclosed to the press here Tuesday by Zheng Jiaheng, deputy director of the State Statistics Bureau.

"China's export volume this year increased 23.4 percent over last year to 38.2 billion U.S. dollars, while the import volume decreased 2.8 percent to 41.7 billion U.S. dollars," he said.

These figures were provided by China's customs, which monitor the country's total imports and exports, including tradable goods, non-tradable goods, foreign donations and imports of equipment for joint ventures.

As a result, he noted, there was "a big increase" in the country's hard currency reserve at the end of last month than it did at the beginning of this year.

According to Zheng, 65.9 percent of the total exports were finished products, which means they could earn more money than raw materials; among the imports, the number of electric machinery and luxury goods dropped "dramatically".

Trade officials here attributed the country's progress in this regard to the start of the reform of the country's foreign trade system, and the appreciation of the Japanese yen and Federal German mark.

Minister Outlines Economic Reform for 1988
OW291144 Beijing XINHUA in English 0858 GMT
29 Dec 87

[Text] Beijing, December 29 (XINHUA)—A package of reforms will be carried out next year in enterprise management, the wage system, banking and distribution of goods, writes Li Tieying, minister of the State Commission for Restructuring Economy, in the coming issue of "OUTLOOK" weekly.

All these aim to stabilize the economy and push the economic reforms forward, he says.

The leasing system will operate in state-owned small enterprises; enterprise groups will be allowed to issue shares on a trial basis; and state-owned large and medium-sized enterprises will invite bids to choose qualified managers, Li says.

All enterprises should actively implement the piece-work salary system and allow part of workers' wages to "float" according to their working efforts and efficiency.

Investment in the nation's key projects will take the form of loans, rather than state grants. For this purpose, a special capital construction fund will be set up which investment companies will be entitled to use and manage.

More material free markets will be opened, and markets will be established for trading in securities and treasury bonds.

Reforms on municipal administrative structure and urban housing will also be tried out in some provinces and cities next year.

Ministers Outline Development Plans
*OW301208 Beijing XINHUA in English 0636 GMT
30 Dec 87*

[Text] Beijing, December 30 (XINHUA)—Five Chinese ministers have outlined their plans for work in 1988 in separate interviews with the "ECONOMIC INFORMATION", which are published in the frontpage of the paper today.

Qi Yuanjing, minister of metallurgical industry, expressed the hope that in the new year, the ministry will receive more investment from local governments and enterprises across China in the iron and steel industry. He also plans to expand the ministry's cooperation with them in other forms.

Qi cited the example of the Chongqing Iron and Steel Company in Sichuan Province, which has formed a metallurgical engineering development company with a number of research institutes and machine building, electric motors and other factories.

"This is a good try," he said.

The machine building industry will focus on developing products that combine machine building engineering and electronics technology, said Zou Jiahua, minister in charge of the State Commission for the Machine-building Industry.

In 1988, he said, the commission will strive to streamline, through reforms, its production, research and technological transformation sectors.

It will concentrate on building 12 sets of technological equipment essential to China's economic development, as well as 245 sets of other equipment assigned by the state.

Meanwhile, machine building enterprises will develop at least 1,500 new products. Work will also be done to help 200 large and medium-sized enterprises reach the state quality control standards.

A leading official at the Ministry of Chemical Industry said that plans have been made to increase the output of chemical fertilizer and basic chemical materials for industrial use, which are now in short supply across the country. The production of insecticides and weeders will also increase.

Kang Zhonglun, vice-minister of light industry, said that his ministry will improve the supply of material for the industry in the new year.

Wu Wenying, minister of textile industry, plans to improve the quality of China's textile goods to boost exports.

According to Wu, her ministry plans to turn Shanghai, Tianjin, Qingdao and Guangzhou into major bases for producing textile goods for export.

These cities will strive to adopt high technology for producing high quality products. At the same time, production of lower grade products will be shifted to other parts of China, she said.

Textile Minister Encourages Exports
*OW261448 Beijing XINHUA in English 1300 GMT
26 Dec 87*

[Text] Beijing, December 26 (XINHUA)—China's textile industry should be geared more to foreign markets, Wu Wenying, minister of textile industry, said today at the closing session of a national conference of textile officials.

She said that the textile industry should develop the processing of materials provided by foreign countries. Exports of textiles will be about eight billion US dollars this year, accounting for one quarter of export earnings.

Compared with worldwide annual textile turnover of 120 billion US dollars, China's contribution was very small, Wu said. The ministry hoped to increase export earnings to 10 billion US dollars by 1990.

Wu said that the textile industry will face a shortage of raw materials next year. But this can be eased by developing the processing of provided raw or semi-finished materials and by conducting business jointly or cooperatively with foreign countries.

Textile Exports Future Growth Uncertain
HK280926 Beijing CHINA DAILY (BUSINESS
WEEKLY SUPPLEMENT) in English 20 Dec 87 p 1

[By staff reporter Chen Weihua]

[Text] Though Chinese textile and garment exports this year may top \$8 billion for the first time, worldwide protectionism could hinder future growth.

The Sino-United States agreements on textile and garment exports, signed five years ago, expire this month. The Americans, wanting to protect their own textile industry, are calling for limits on the import of Chinese textile products in trade talks, which are currently being held between the two countries in the U.S.

The new agreement is likely to add limits to the import of cotton products, said Wu Shudong, general manager of the general business department of China National Textiles Import and Export Corporation.

It will mean the loss of a big market when the new agreement comes into effect. Earlier this year, Canada imposed stricter limits on the import of Chinese textiles when their bilateral agreement with China was renegotiated.

This too may happen when China and the European Economic Community renegotiate their agreement, due to expire at the end of 1988.

The protectionist measures pose a big threat to China's foreign trade balance, for textile and garment exports earned 25 percent of China's foreign exchange last year.

"We strongly oppose the limits," Wu said. "A reasonable and steady growth of Chinese textiles exports to the United States will benefit both countries in the long run."

China is a developing country and only by earning more foreign exchange can it import more U.S. airplanes, computers and communications equipment, Wu said.

He said the U.S. action violates the Multiple Fibre Agreement and Chinese ramie farmers and ramie factory workers will be the direct victims.

According to the U.S. Federal Reserve Board's estimates, textile firms in the southern U.S. were running at 96 percent capacity last spring. They can hardly expand to meet growing domestic demand.

Chinese textile and garment exports, which grew at an average annual rate of 15 percent in the past nine years, are new on the world market, and now rival exports from Taiwan, Hong Kong and South Korea, the big three exporters in Asia.

Hong Kong, the United States, Japan and the European Economic Community are the four biggest markets for Chinese textiles and garments.

Chinese textile and garment exports account for about 11 percent of the U.S. textile import market, according to U.S. statistics.

The way out for China now, Wu said, is to try and earn more money within the new quotas by selling higher quality goods. The agreement only limits the volume of exports, not their earnings.

In fact, China has tried to shift its exports from semi-finished products, such as cotton cloth to the more profitable garments and cotton knitware. By doing this, sales have increased 32 percent in Hong Kong, 47 percent in Japan (partially caused by the rise in the value of the Japanese yen), and 12 percent in the U.S.

Garment exports account for 37 percent of China's textile exports. Cotton and cotton cloth exports dropped by 20 percent compared with last year.

China has spent over \$3 billion of its foreign exchange in the past nine years to import modern textile technology and equipment.

One official said China should expand its sales in non-quota countries such as Japan and the Soviet Union and improve quality and service.

An official from the Ministry of Textile Industry said the biggest market for Chinese textiles is the domestic one, fueled by the rising demand for ready-made garments.

The retail sales value went from 27.85 billion yuan in 1978 to 77.3 billion yuan in 1986. The average person now spends about 18 percent of his or her salary on textile products.

Light Industry Ministry Bans Shoddy Goods
OW280727 Beijing Domestic Service in Mandarin
2230 GMT 20 Dec 87

[Text] After this station reported, on 12 December, that the Ministry of Light Industry had criticized the Harbin Wristwatch Plant by name for selling poorly manufactured wristwatch parts and components, the plant was shocked. In a letter to this station, the plant's leading authorities said that they have learned a profound lesson from this incident and they will take firm action to prevent the recurrence of similar incidents.

Last weekend, a reporter of this station, bringing this letter along with him, interviewed the relevant officials of the Ministry of Light Industry. According to them, the phenomenon of selling poorly manufactured parts and components is not limited to the wristwatch manufacturing industry; it is also frequently seen in the bicycle and food industries. They said that, as early as on 2 July

1985, the State Economic Commission, the Ministry of Light Industry, the Ministry of Commerce, and the State Administration for Industry and Commerce, had jointly issued a circular to ban the selling of poorly manufactured parts and components, or labels of discarded trademarks. However, certain light industrial enterprises are still doing this, giving lawless elements the opportunity to produce and market counterfeit goods, infringe upon the interests of the state and consumers, and disturb the economic order.

The officials told the reporter that the Ministry of Light Industry has reiterated that, from now on, any unit found to have sold poorly manufactured parts and components, or labels of discarded trademarks, shall be openly denounced by name and handled strictly; and that those who have broken the law shall have their criminal responsibilities investigated.

State Official on Improving Employment Work
OW271409 Beijing XINHUA Domestic Service
in Chinese 0624 GMT 17 Dec 87

[By correspondent Wang Jingtao]

[Text] Beijing, 17 Dec (XINHUA) — In briefing reporters the other day, a responsible person of the National Employment Agency under the Ministry of Labor and Personnel said that it is essential to set up an employment market and to introduce competition mechanism into personnel exchange.

According to incomplete statistics, from January 1983 through 1986, employment organs at all levels across the nation had handled adjustments for 285,000 people, dealt with the transfer of 16,000 results of scientific and technological research, signed 140,000 technological contracts, and run 30,000 various training classes, training a total of 2,060,000 people. The function of the employment agency has now expanded from simply filling vacant positions to seeking applications for jobs, selecting people for specific posts, organizing scientific and technological teams, sponsoring large and small personnel exchange fairs, and operating employment markets.

The responsible person said: Although certain achievements have been made in the work, the distribution of professionals and technicians is still not reasonable and practical, resulting in low utility and great waste of talents. Poor mobility of employment is still a major problem.

To further improve the employment work, the responsible person pointed out: It is necessary

— to accelerate the current reform of the personnel system and employment management, to gradually create a social situation and policy environment in favor of "two-way selection" between employing units and professionals and technicians.

— to increase media propaganda to change the old, possessive mentality of employment departments and to educate people to become more receptive to reasonable employment mobility.

— to study and draw up as soon as possible provisional regulations governing the resignation, leave without pay, and moonlighting of professionals and technicians; and to further improve the post appointment system, staff strength system, personnel record administration system, and social security system.

— to set up and perfect employment organs at all levels and strengthen administration and guidance of employment mobility. Employment organs should set up arbitration committees to handle disputes in connection with employment mobility.

— to get able persons to fill the right posts through open solicitation, fair competition, and selection of the best, to achieve better employment mobility.

— to better employment legislation to protect the legitimate rights and interests of professionals and technicians during transition of employment and at the same time to provide legal grounds for arbitration committees.

The responsible person also pointed out: The future task is to gradually set up employment markets, under the guidance of the state's master plan and using the law of value as a lever, to regulate the demand and supply relation of employment by means of economy, legislation, and administration.

Commentator on Industrial Goods Exports
HK291509 Beijing RENMIN RIBAC in Chinese
16 Dec 87 p 2

[Commentator's Article: "Open Up international Markets, Reinvigorate the Light and Textile Industries"]

[Text] Not long ago, the State Council pointed out that it is necessary to increase the export of textile goods and other light industrial goods so as to earn more foreign exchange for the state, and this is a strategic policy for boosting the textile and other light industries. The No 2 light industrial system in Tianjin has done a good job in pursuing this strategic policy by making great efforts to make use of all available aid and resources to increase export and expand the foreign exchange earning capacity.

The textile and other light industries hold an important position in the production of export goods and the earning of foreign exchange in our country. Textile goods constitute the largest category of our export goods, and accounted for over 26 % of the total export volume in 1986. Other light industrial goods accounted for some 20 % of the total export volume. Therefore, the state of the export of textile and light industrial goods not only has a bearing on the development of economic construction in

the whole country, but also vitally affects the development of these industries themselves. In our country, there was a long-standing seller's market for textile goods and light industrial products. This made many enterprises rest content with the production of goods in great demand without making efforts to upgrade and renew their products. Their products may continue to sell well on domestic markets, but they are vulnerable in international markets which are fast changing and full of competitive rivals. This forces the relevant enterprises to make continuous progress in upgrading their technology and raising their production capacity. Recently, the state authorities have decided to reform the foreign trade system first in three trades, namely, the light industrial, art and craft, and garments trades, where enterprises will bear sole responsibility for profits and losses in their export and import transactions. This will enable more textile and light industrial enterprises to directly involve themselves in international markets. Then, they will directly come into touch with the colorful high-quality textile and light industrial goods, will more easily acquire market messages and advanced technologies, and will prompt them to improve the design of their products in light of market needs, upgrade their products, and narrow the gap between the Chinese goods and the world's advanced level. Of course, we need a considerable amount of foreign exchange to import advanced technology and equipment in order to change the backward conditions of our textile and light industrial industries. To solve this problem, we can only rely on expanding the foreign exchange earning capacity of the textile and light industrial enterprises and forming a benign cycle of export—earning foreign exchange—import. In the future, as the export-oriented textile and light industrial enterprises increase advanced equipment and technology, they will have stronger ability to assimilate and absorb the imported technologies and thus further improve the overall conditions in the textile and light industries.

We should notice that the present international environment is extremely favorable to the expansion of the export of our textile and light industrial goods. A major worldwide industrial structural adjustment is in process. In order to adapt themselves to the intense competition in international markets, some developed countries and regions are changing their production structure into a technology-intensive and capital-intensive pattern that may increase the additional value of the products. On the other hand, labor-intensive production is being shifted to developing countries where labor costs are low. This provides an opportunity for us to occupy a larger share of international markets for our textile and light industrial products. The changes in the exchange rates between major international currencies, with the U.S. dollar down and the Japanese yen and other currencies up, will accelerate the international industrial structural readjustment. This is also a favorable factor for our textile and light industries to bring their advantages into better play and increase their exports.

As compared with other products, textile and light industrial products have many special advantages in increasing export and increasing foreign exchange earnings. Such products are our country's traditional export goods with a rich variety, and some good-quality brand-name products have long enjoyed good international reputation. Our country is rich in labor resources, so we can increase the production of labor-intensive textile and light industrial products at lower costs for export and can thus increase our competitiveness in international markets. At the same time, our textile and light industries have imported certain advanced technology and have carried out certain degrees of technological transformation in a planned way in recent years, have developed some new products, and have basically organized some export production bases mainly in coastal areas. Now, the light industrial system has set up more than 3,000 enterprises specializing in export production in various coastal provinces and cities. We believed that our textile and light industries, which have gained considerable strength to march into the international markets, will be able to shoulder the heavy and important mission of increasing exports and increasing foreign exchange earnings that the state has entrusted to them.

Economic Institute Head on Enterprise Reform
HK300522 Beijing CHINA DAILY in English
30 Dec 87 p 4

[By Zhang Xiaogang; initial paragraph boldfaced as published]

[Text] The passing year has been the first year of China's widespread enterprise reform. Dong furen, director of the Institute of Economics of the Chinese Academy of Social Sciences, talked about how the reform is working in an interview with CHINA DAILY.

By now, about 80 per cent of State-owned enterprises have adopted one form or another of the management responsibility system.

While it is still too early to expect every loss-making enterprise to show a profit as the State expects, industry as a whole will show a 14 per cent growth rate for the year.

In 1987, China approached the problem by improving the standard of its goods instead of adopting dramatic price reforms. In the process, particular attention has been paid to the management of the 8,000 or so large and medium-size State-owned enterprises.

This is necessary, Dong said, for creating the "right kind" of enterprises—ones that have learned to compete in the market, thus allowing the reform to benefit them.

Otherwise, when prices change, industries will be unable to respond to the market trends by cutting costs or upgrading technology, he said.

Under the former planning system, enterprises did not have to compete with each other and to market needs. [sentence as published] This situation created constant financial losses and waste of resources which were, very illogically, all covered by the State.

After many theoretical debates as well as some practical experiments, what has been broadly termed a contract system began to gain favour in the early months of the year.

The actual format of the contract system varies from one factory to another, and is expected to evolve further in next year's reform. But they have some common principles. Enterprises are to turn over to the State a proportion of their profits as specified by their contracts with the government industrial and financial administrations, and they are entitled to retain a bigger percentage of the profits if they can contribute more. In case they fail to meet the requirement, they have to make it up by their own efforts.

Small enterprises were advised to introduce a leasing system, which invites individuals to hold management power for a fixed period and pay for the lease.

Now it is evident that at least some enterprises have indeed begun to learn to compete.

After a drastic increase in the price of materials, State-owned industry had a 0.8 per cent increase in profit in May. This was the first increase of profit in 20 months. And this upturn has continued.

With the contract system, China has separated the ownership (namely, the State) from the management of the enterprises it owns. These enterprises have been given more decision-making powers.

The Communist Party organization is also separated from the management, and is no longer responsible for enterprise business affairs.

Competition has been introduced in engaging enterprise managers in a process resembling the bidding system, in which individuals propose their own reform scenarios and business strategies.

Ways have also been proposed to allow State ownership to be better represented. Under the old economic structure, no one is a competent representative. The planning department decides capital investment projects but cannot guarantee their efficiency. The financial authorities appropriate construction funds, but only as part of the government's yearly spending.

The State will establish capital investment foundations, set up investment companies, and introduce a bidding system for construction projects. These reforms will begin next year.

One of those who proposed these reports was Tang Congkun, another veteran economist of the Institute of Economics, and managing editor of the monthly journal, ECONOMIC RESEARCH.

Dong Furen said some small state-owned enterprises could be converted into private ones, while others could become collectively owned.

As for large enterprises, the possible way to improve the current contract system would be the share capital system, he said.

The contract system may produce quick results, he said, but the effect would probably not last long. The administration would have ways to interfere in enterprise management, because it would still control enterprise assets.

Under such circumstances, the State would naturally try to protect its enterprises and prevent them from being threatened with bankruptcy.

In China, Dong stressed, there should be room for many different forms of enterprise ownership. This is good for the market system to grow and for different types of enterprise to compete with each other and demonstrate their respective strong points.

What has been done in the 1987 enterprise reform is only the beginning. "Chinese State-owned enterprises are still far from being responsible for their own gains or losses," he said.

'Short Commentary' on Banking Structure
HK251208 Beijing RENMIN RIBAO in Chinese
15 Dec 87 p 2

["Short Commentary": "Carry Out Well Reform of the Financial Structure"]

[Text] Financial structural reform is an important component of the entire process of establishing and perfecting the socialist market system. After the 3d Plenary Session of the 11th CPC Central Committee, Comrade Deng Xiaoping explicitly pointed out: "It is necessary to build our banks into real banks," thus raising the curtain on financial structural reform. Over the past 9 years, financial structural reform has achieved marked successes. A socialist financial structure headed by the central bank is gradually taking shape. In the socialist financial structure, the state bank is the principal body, and various types of financial institutions specialized in various types of financial work cooperate with one another.

However, we should clearly understand that the present financial structural reform still cannot meet the needs of the development of the socialist commodity economy. The problem is that the banks and other types of financial institutions have not yet freed themselves from

the old structure in which the functions of the government are not separated from the functions of the enterprises. The banks and other types of financial institutions have not been able to carry out such activities as fund accommodation, credit and loans, and various other activities in their positions as real and relatively independent legal entities. On the other hand, at present, almost all the financial institutions are "state-run" financial institutions. Financial institutions run by the people are still in the embryonic stage. This situation has made the financial market lack competition. As a result, the financial market is monopolized by very few big banks. Because the enterprises have no choices on the financial market, the development of the enterprises has been adversely affected. Moreover, it is also necessary for us to deepen the reform of the enterprise mechanisms. At present, many enterprises have only assumed full responsibilities for their own profits but not for their own losses. Even when some enterprises cannot sell their products well on the market or when some enterprises almost go bankrupt, the banks must still provide these enterprises with "blood." This shows that in order to push forward with financial structural reform, we should also carry out other types of reform simultaneously.

To study the problems faced by the financial structural reform, to learn the root cause of these problems, and to put forward constructive reform measures are the demand of the development of the socialist commodity economy. We should carry out in-depth investigation and research and pool the wisdom of the masses to carry out well the financial structural reform.

Article on Stabilizing Commodity Prices
HK231601 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 50, 14 Dec 87 pp 3-4

[Article by Ren Xingzhou (0117 5281 3166): "China Makes Energetic Efforts To Stabilize Commodity Prices and Create a Relaxed Economic Environment"]

[Text] To strengthen macroeconomic management and supervision over commodity prices while exercising control over the general social demand and increasing general social supply so that the national economy can be developed harmoniously and steadily, is the general policy for next year's economic work. This was repeatedly emphasized by Zhao Ziyang at the recent national conference on planning work and the 13th CPC National Congress.

Strengthening control over commodity prices and maintaining their stability is aimed at minimizing the shock to the national economy caused by the sharp increase of commodity prices so that reform of the economic structure can be carried out steadily and in depth in a relatively relaxed economic environment. Now, the relevant department of the State Council has already started to study and work out some concrete measures for stabilizing prices.

Countermeasures for Next Year [subhead]

To ensure that the general level of commodity prices is controlled within a reasonable and suitable range, the State Council has already adopted some corresponding measures, such as maintaining good market order, strengthening market organization, and improving market regulations. Some initial achievements have already been made by implementing these measures. Next year, great efforts will be made in the following main fields:

—Making continuous efforts to exercise strict control over the general social demand and the issuance of money. One of the main reasons for the price hikes of the past few years is that the general social demand has exceeded the general supply and excessive money has been issued. The economic cause is the "double swelling" of the demand for investment and demand for consumption. From January to August this year, the investment in the fixed assets of the units owned by the whole people increased by 18 % over the corresponding period of last year—much higher than the increase of the national income. It was a prime factor in this year's price hike. Therefore, a fundamental measure for stabilizing commodity prices is to continue to control the general social demand and improve macroeconomic control measures. While speeding up reform of the investment structure, it is necessary to exercise strict control over the investment in fixed assets as well as the scope of credit and the circulation of funds. It is necessary to exercise strict control over the speedy growth of consumption funds so that they suit the development of production. It is also necessary to further restrict group consumption and cut off the links of the vicious cycle which is characterized by both prices and wages taking turns to rise.

—Endeavoring to increase social supply. At present, there is a great disparity between the commodity supply capability of our society and the purchasing power of the market, which puts quite a lot of pressure on the market and leads to price hikes. Therefore, we should urgently increase social supply in order to stabilize prices. Apart from a series of concrete measures, such as implementing commodity production plans, expanding crop growing areas, establishing commodity production bases, allocating more low-priced fodder, and raising more pigs, in order to increase social supply, it is also necessary to link the effort to increase supply with the readjustment of the industrial setup and product mix and make great efforts to increase the production of commodities in short supply, so that the contradictions in the supply structure can be relaxed and the situation where both the shortage of supply and the overstocking of products exist at the same time can be gradually changed. Meanwhile, it is also necessary to dredge circulation channels and give play to circulation's role in regulating supply and demand and stabilizing prices.

—Working out a reasonable target for the control of the general level of commodity prices for next year. Since last year, we have implemented the method of controlling the general level of commodity prices and have

achieved some successes and accumulated some experiences. On this basis, we must work out a reasonable and appropriate target for controlling the general level of prices for the next year so that commodity prices can be controlled within a reasonable range.

Strengthening the management of, and guidance for, those prices not under the control of the state and setting a top limit for the prices of those commodities which are in short supply and whose prices are not under state control. It is also necessary to strengthen the supervision and inspection of prices and take strong measures against all illegal actions that disrupt the market.

—Achieving stabilization through reform. Next year, it is necessary to strive to gradually perfect the operation of all kinds of contract responsibility systems while deepening reform of the enterprise systems. At the same time, it is necessary to prevent some enterprises from taking advantage of the imperfections of the contract responsibility system in operation to raise prices indiscriminately and to undermine stable market prices.

—Actively and cautiously promoting price reform. It is necessary to adhere to and deepen price reform so that the originally irrational price system can be changed. But it is also necessary to take the bearing capacity of the entire society into consideration and limit possible price fluctuations resulting from relaxing and readjusting prices within the range of the bearing capacities of the state, the enterprise, and the individual, so that the production in the enterprises and the people's livelihood will not be greatly affected.

Results Have Been Achieved in Establishing a Normal Market Order [subhead]

As a matter of fact, beginning in summer this year, China had already begun making great efforts to reestablish the market order, strengthen organization of the market, and improve market regulations so as to stabilize commodity prices. This aspect had been ignored for a period of time after reform started.

There have been two stages of the development of the guiding ideology for China's price reform: the stage of "taking readjustment as the main task" and the stage of "combining relaxing prices with readjustment of prices." In the first stage, since the planned pricing system was still in the dominant position, there was not a high demand for the market order. In the second stage, while efforts were being made to relax prices, the importance of market organization on price reform had still not been fully recognized and the question of establishing a normal market order and improving market regulations was yet to be placed on the agenda. It was expected that a market would be automatically formed with the relaxation of prices and a benign cycle of the market would be reached, characterized by "relaxation-invigorates-more commodities-reduction (of prices)." Thus, at the very beginning of our effort to relax prices, there was already

a hidden danger of disorder in the market and a sharp increase of prices. In 1985, when the prices of non-staple food, vegetables, and some capital goods were relaxed, disorder appeared in the circulation links. There was a situation where lots of people were engaging in speculation and hundreds of households were engaging in commercial activities, and there was great disorder in the market. The necessary market regulations did not exist. Everyone could enter the circulation sphere and engage in business and trade without restriction. Restaurants and hotels could also engage in the reselling of steel products and cement at a profit. Since there was no effective macroeconomic control and management, serious black market dealings and illegal competition existed. Some lawless persons got high profits through reselling commodities in short supply and driving up prices. Imitations of brandname products could be seen everywhere in the market. In recent years, there have been some serious cases of cheating consumers, which rarely happened even in the initial stage of free competition under capitalism. Some trades and enterprises have made use of their monopoly position and indiscriminately raised the prices of their products. They have thus disrupted the market order. China is now in the initial stage of socialism with an undeveloped market and commodity economy and imperfect macroeconomic control measures. Certain disorders in the market are unavoidable. However, the great disorder in the previous stage is actually an important reason for the sharp increase in commodity prices.

Recently, some concrete measures have been adopted to stabilize commodity prices and strengthen the management and supervision of prices. Great attention has been paid to improving market order. In the past few months, great efforts were made to consolidate the market, check black market dealings, and severely punish illegal trading and illegal competition. The industrial and commercial departments have adopted serious measures to exert necessary management over the commercial activities in the market and to examine the qualifications of the traders. At one time, the maximum price limit was set for some commodities whose prices were not under state control. Serious measures were taken against those enterprises and individuals who had driven up prices or had indiscriminately raised their prices. The supply of consumer goods was further increased. Moreover, the question of promulgating and improving necessary market regulations was emphasized, which began to bring price management onto the track of being ruled by law. The "Regulations of the PRC on Price Management" promulgated by the State Council recently are China's first official regulations on price management, which symbolizes a new stage of China's price management. Following that, some other regulations were also promulgated, such as the "Regulations on Punishing Speculation and Profiteering," "Temporary Provisions on Price Supervision by Neighborhood Masses," and "Certain Regulations on Strengthening Management of the Prices of Capital Goods and Checking the Unhealthy Tendencies of Indiscriminately Raising Prices and Charges." This shows

that a substantial step has been made in gradually perfecting market regulations. Although these regulations have only been in force for a short time, great achievements have been made. Statistics show that in September, the growth of the living expenses of the workers in large and medium cities was being controlled to a certain extent. It shows that under a situation where China's market has not yet been well developed, only when the government helps to organize the market, perfect market regulations, and establish the market order can we ensure the healthy development of the market, can we curb the rapid increase in market prices to a certain extent, and can we remove the obstacles for reform and development.

Our Purpose Is To Create a Relatively Relaxed Economic Environment [subhead]

Some people do not quite understand the background of the formulation of the policy on price control. They are apprehensive that the rigid control over prices might be repeated and that price reform might not be continued due to implementing this policy. As a matter of fact, the reason why stabilizing commodity prices is now being emphasized in China is that the sudden relaxation of the long-term constrained low prices has violently battered the people's livelihood, enterprise production, and the entire national economy, and the formulation of the interim policy is aimed at creating a relatively relaxed economic environment for reform.

Through the price reform over the past few years, some initial achievements have been made in improving the original seriously distorted price system and rigid price control system. Price has gradually become a comparatively reliable signal for guiding the allocation of resources and the balance between market supply and demand in the entire national economy. However, we must also realize that due to the restructuring of the price system and the relaxation of prices over the past few years, especially due to the fact that the measures for effective macroeconomic control and management are still not in keeping with the new changes that have taken place since reform, there has really been a sharp increase in commodity prices. In the past 8 years, the total retail sale price index of the society increased by 35.8 %. Since the beginning of this year, in particular, there has been a greater increase in commodity prices. In the first half of this year, the national retail sale price index grew 6.3 % on average. In the period of price reform, as a result of the restructuring of the price system and relaxation of prices, the long-term constrained low price has been released. It is natural that prices have also increased to a certain extent. But this continuous and sharp increase in prices has greatly affected reform and development.

Reform needs a relatively relaxed environment. To further deepen price reform, there should be a relatively great bearing capability in society. The environment created by the sharp increase in commodity prices over the past few years is by no means a relaxed one. On the

contrary, it has provided reform with less opportunity to develop. On the one hand, the sharp increase in commodity prices has violently battered the livelihood of urban residents. When the income of the urban residents still cannot be increased too much, the rise in the price of consumer goods has naturally affected their livelihood. Therefore, in price reform, we have to take the real bearing capacity of the urban residents into consideration. As a result, the reform cannot be further developed. On the other hand, since the prices of capital goods have been increasing over the past few years, enterprises find it more and more difficult to cope with this situation. The government has no choice but to take the real bearing capacity of the enterprises into consideration and defer the price reform concerning basic industrial products and other products. As a result of the sharp increase in commodity prices, society finds it difficult to bear, and there are fewer opportunities for price reform to develop. The price hike has also restrained the overall development of reform in other fields, including the reforms aimed at substituting taxes for the delivery of profits and establishing the market system.

The sharp increase in prices has also violently battered the steady development of economy, resulting in great fluctuations in the economic field. The increase in the prices of capital goods has resulted in a sharp increase in the production cost of enterprises. Thus, the economic returns of the enterprises have decreased due to shortage of production funds. Many enterprises are unable to fulfill their production plans and the number of enterprises suffering losses is increasing. In order to offset the increase in commodity prices, some enterprises and organs have indiscriminately given out bonuses in kind and other allowances to their staff and workers. A chain reaction to this is the swelling of the consumption funds. Demand has been increasing rapidly, which is far beyond the real capability of commodity supply. This has in turn encouraged the rise in commodity prices. The contradictions between supply and demand in general and in structure have thus been sharpened. Since the prices of some capital goods have sharply increased, some enterprises have tried to hoard materials in short supply in order to seek higher profits in the future. This has not only resulted in the increasing of false demand and more serious shortages of the materials originally in short supply, but has also further encouraged the rise of the prices of capital goods.

The price hike has restrained the deepening of reform and obstructed the steady and healthy development of the national economy. In the second half of this year, the State Council has repeatedly emphasized the importance of implementing the policy on stabilizing the economy and stabilizing commodity prices. This policy does not mean freezing the prices but rather exercising appropriate and reasonable control over the general price level so that it can increase appropriately within a reasonable range and so that a stable economic and social environment can be created for deepening reform.

Paper Reports on Economic Development Ideas
OW300510 Beijing XINHUA in English 0220 GMT
30 Dec 87

[Text] Beijing, December 30 (XINHUA)—The Chinese terminology has added one more term: "guoji da xunhuan"—"greater international cycle", today's "GUANGMING DAILY" reports.

What does it mean? Why is it becoming increasingly popular?

According to a Chinese economist, this is an idea of strategic importance, which calls for developing labor intensive goods for export and using foreign exchange thus earned to aid heavy industry. Part of the heavy industrial profits will then be used to boost the rural economy, including rural industrialization.

"It means work to streamline industrial and agricultural production through use of international market mechanisms," said Wang Jian, associate research fellow at the Institute of Planned Economics of the State Economic Commission while discussing the idea with a staff reporter of the "GUANGMING DAILY."

The paper today published the full text of the discussion. According to the paper, Wang Jian is one of the first exponents of the "greater international cycle" idea, which has aroused the attention of China's central authorities.

In proposing the idea, Wang bases himself on the fact that more and more farmers are leaving the land for industry and services, while the industrial sector now cries for retooling.

This inevitably leads to a scramble for funds, he said, noting that this contradiction could be solved by gearing the rural labor force to serve international market needs to earn foreign exchange.

Following a devaluation of the U.S. dollar and the resultant steep fall of stock at major money centers, the international economic order is experiencing a readjustment.

Consequently, he said, this will make it possible for China to increase its sales of some traditional industrial goods on the world market.

As regards the domestic factors, Wang called attention to the fact that Chinese rural factories are now able to produce more and better goods for export under the current contractual responsibility system.

But Wang worries about protectionism pursued by some developed countries. Because of this, he said, there is the need for China to widen the existing channels for export—those to the Soviet Union and East European countries, for example.

China's manufactured goods sell well in these countries, while the countries are more industrialized than China. "It will benefit both China and these countries when trade between them increases," he said.

Chemicals Company To Be Multinational
HK250322 Beijing CHINA DAILY in English
25 Dec 87 p 2

[By staff reporter Da Chansong]

[Text] The China National Chemicals Import and Export Corporation (Sinochem), the first Chinese company to adopt modern international management methods, will become a multi-national corporation in the near future.

The move is a new attempt to improve the country's foreign trade system, and follows increasing development in trans-national corporations both in the developed and developing countries. These corporations are now responsible for 50 percent of the world's total trade.

Under the new scheme, Sinochem will become a comprehensive economic entity, handling not only imports and exports, but also responsible for production, finance, transport, insurance, leasing, advertising, real estate and services. The corporation is expected to accumulate large amounts of foreign currencies within the next few years.

An official from Sinochem told CHINA DAILY that it is beneficial for the corporation because it removes all kinds of restrictions and becomes more competitive in world markets.

"It has opened up a new channel to gain foreign currencies by using international resources," he said.

Sinochem also plans to set up some domestic companies and 30 overseas enterprises to expand its ties with its foreign partners. So far, the corporation has set up 23 similar organizations around the world.

Since it was set up in 1950, Sinochem has confined its business to imports and exports but with the open-door policy, more and more companies are also engaged in the import and export business. "It is opportune and necessary for us to take a step forward to compete in the international market," the official said.

The corporation has invited experts at home and abroad to give lectures on marketing, management, public relations, the law and computers to raise the standard of its staff.

It has also set up a computer centre to run its import and export business and takes the wire services of the world's leading news agencies as well as a data bank of the

world's main petroleum and chemical industries. This enables the corporation to receive quick information about world events, economics, financial news and the latest market prices.

Sinochem already runs an oil processing and filling business and has also set up shipping joint ventures overseas. Recently, it has expanded other kinds of barter and entrepot trade businesses in petroleum, chemical fertilizer and plastic products.

So far, Sinochem has 40 branch companies in China, and has established links with more than 2,000 factories and clients. It has established stable trade relations with more than 4,500 manufacturers in over 130 countries and regions. In 1986, the total trade volume of these overseas enterprises exceeded \$1 billion. From 1976 to 1986, the total trade volume was more than \$65.3 billion.

'Scientific Personnel' Distribution Problem
HK240620 Beijing CHINA DAILY in English
24 Dec 87 p 3

[by staff reporter Cheng Hong]

[Text] More and more scientific personnel have left State-run units and enterprises for collectively-owned and individual units. Also more such people have left areas populated by minorities, and remote and poor areas.

These trends were shown in a survey recently conducted in 28 provinces and regions. The survey covered more than 310,000 scientific personnel from national research and development organizations, higher education institutions and big and medium-sized enterprises.

The survey showed that during three-and-a-half years from January 1, 1984 to June 1 this year, there were more than 220,000 scientific personnel coming in to the three systems of units, but 314,000 people moving out. Among them, 44,000 personnel flowed in and 61,000 people flowed out of the system of research and development organizations; in higher learning institutions, 41,500 in and 37,100 out; for big and medium-sized enterprises, more than 140,000 in and over 200,000 out.

The survey also showed that a lot of scientific personnel have moved to jobs in administrative department in all levels of government, which goes against the wishes of the State.

However, in coastal areas where there is more economic reform, more talented personnel have moved to collectively-owned and individual enterprises, showing the effects of the new policies.

In the past few years, many scientific personnel have moved away from poor areas. In the past three-and-a-half years, 6,844 scientific personnel left the poor areas, while the number of people coming to these areas was 2,839.

An official from the State Nationalities Affairs Commission told CHINA DAILY that scientific personnel don't choose to go to poor areas mostly because of the poor working conditions.

As for the talented personnel in areas inhabited by minorities, most of them are thinking of going back to their home towns because they are not used to the climate or they are worrying about the future of their children," he said.

"Owing to the lack of money, the minority areas cannot offer a good environment to the personnel to give full play to their ability and intelligence. Despite that, there are some preferential arrangements in Xinjiang and Gansu," he said.

The official also said the policy of promoting the free and reasonable flow of talented personnel is not perfect. Even where there is such a policy, it is not always carried out properly.

The latest national talented personnel exchange meeting announced in Hebei's Shijiazhuang City on Tuesday that more than 360,000 research fellows and other technical personnel in China's big cities have been engaged by rural enterprises to help with innovation and training.

This is a major breakthrough in China's reform of the existing scientific and technological administrative system.

For a long time, many technicians working in overstaffed research institutions, universities and larger State enterprises found it impossible to fully display their talents and professional skills. Yet, at the same time, small and medium-sized rural factories were showing poor economic results because of a shortage of competent technicians.

To alleviate the acute shortage of technical personnel, the provinces of Hebei, Shandong, Sichuan and Liaoning allowed local technicians to transfer to poor rural areas.

Cities Receive Credit To Ease Food Shortages
OW272318 Beijing XINHUA in English 1436 GMT
23 Dec 87

[Text] Beijing, December 23 (XINHUA)—Six of China's largest cities have received 51.1 million yuan in credit (14 million U.S. dollars) to build up their non-staple food production bases.

The credit has been advanced by industrial and commercial banks to the cities of Beijing, Shenyang, Guangzhou, Wuhan, Shanghai and Xian.

It ensures an annual supply of 11,550 tons of meat and eggs, and 23,920 tons of fresh vegetables in those cities.

According to the "ECONOMIC DAILY", the credit is aimed at easing shortages of non-staple foods in certain major and medium-sized cities of the country.

Housing Prices Rising 15 Percent Each Year

HK250339 Beijing CHINA DAILY in English
25 Dec 87 p 3

[By a staff reporter]

[Text] House prices are rising at an average rate of 15 percent a year, causing great difficulty for sellers and buyers alike, CHINA DAILY has learned from the Bureau of Real Estate Industry Administration.

The bureau, which is under the Ministry of Urban and Rural Construction and Environmental Protection, offered the following figures: In 1986 the cost of housing in new districts was 550 yuan per square metre in big cities, 380 yuan in medium-size ones, and 280 yuan in small cities.

In old districts where demolition is necessary, the price of newly built homes is twice as much as in the new districts because of the extra cost of pulling down old buildings and the need to make settlement allowances.

In 1986 the price of housing in big cities had increased by 30 percent over 1984, and in medium and small cities by 35 percent.

The cost of housing varies considerably between cities of different sizes. For instance, in 1986, Wuhan, Hubei Province, sold each square metre of housing for 576 yuan; Kunming, Yunnan Province, for 369 yuan; Shandong Province's Qingdao for 638 yuan; and Fuyang in Anhui Province for 277 yuan. In Beijing, the price was as high as 2,000 yuan.

The rapid increase in the cost of housing has dampened people's enthusiasm for buying homes of their own since the price is beyond most people's reach, PEOPLE'S DAILY reported yesterday.

The paper quoted buyers in Shanghai as saying the cost is as high as 1,800 yuan for housing above the fifth floor, or 90,000 yuan for a 50-square metre apartment. The same size apartment below the fifth floor costs 50,000 yuan.

The reasons for the price rises include the mounting cost of building materials and land acquisition, including compensation for eviction from old houses and also the higher standards of new housing, the paper said.

The price of a new urban apartment building now usually includes land-use fees and compensation for requisitioned farmland and relocating former residents. Also there are additional costs of construction, utilities, roads, and new schools and administration offices, the report said.

Another reason for increasing housing costs was the forced payments required of home builders. For instance, some were forced to pay patrol fees to the local police.

Statistics Bureau Notes Rise in Real Incomes

OW291229 Beijing XINHUA in English 0935 GMT
29 Dec 87

[Text] Beijing, December 29 (XINHUA)—Chinese incomes increased again this year, but not by as much as last year, a senior official said here today.

Zheng Jiaheng, deputy director of the State Statistics Bureau, said during an interview with XINHUA that the total payroll for China's workers and other employees this year reached 186 billion yuan, a 12 percent increase over last year but lower than last year's rise of 20 percent.

"The average annual per capita income of urban workers and other employees this year is 1,462 yuan, a actual rise of 1.3 Percent taking into consideration price rises," Zheng said.

"The incomes of farmers this year increased more than those of workers," he continued, noting that average annual net income for a farmer reached 440 yuan, a real actual [as received] of 3.3 Percent.

By the end of november, the total bank savings in town and country topped 300 billion yuan, 77.1 Billion yuan more than at the beginning of this year.

According to Zheng, the total volume of retail sales this year rose 17.6 Percent over last year to 582 billion yuan. Sales of food, clothing and other consumer goods all increased by more than 12 percent.

But the deputy director pointed out that production and supply of some goods still fall short of demand, and in dozens of cities, meat, eggs and sugar are rationed.

Trade Union Federation on Future of Unions

HK300917 Hong Kong ZHONGGUO XINWEN SHE
in Chinese 1506 GMT 18 Dec 87

[Report by Wang Xiaohui (3769 2556 2547)]

[Text] Beijing, 18 Dec (ZHONGGUO XINWEN SHE)—In what direction will China's trade union reform go? After a 5-day discussion, the 400 trade union leaders at various levels meeting in Beijing have completed a preliminary draft of trade union reform that will be implemented in the new situation.

The deputy chairman of the All-China Federation of Trade Unions, Luo Gang [5012 1626], clearly pointed out today that the crucial reason for trade unions being unable to adapt to new circumstances and being incapable of playing the greater role that they should play is that trade unions do not represent the interests of staff and workers and are not trusted by them.

According to data obtained from a recent random survey, at least 40 percent of trade union members do not consider trade unions to be their organizations; and 20 percent of members do not know what kind of organizations trade unions are.

Luo Gang did not deny that China's trade union organizations, which are managed by 460,000 people, have the characteristic of being run by the government and are to varying degrees alienated from the 120 million trade union members.

The trade unions, described by Zhao Ziyang as the most important sociopolitical organizations in China, have decided to change the previous old way of thinking, that trade unions tend to serve the upper levels more than the lower levels, that is, that they are not very concerned about their members, so that trade union cadres can speak and serve trade union members in a better way. It is hoped that this change will ultimately establish a trade union system formed voluntarily by staff and workers at all levels.

Luo Gang said that the various economic sectors, management patterns, and forms of distribution in China have complicated the relationships of social benefit. For various reasons, there are differences in benefits among some staff and workers. Moreover, there is still serious bureaucracy, malpractices in gaining benefits by using power and in the use of power, and varying degrees of influence of feudal autocratic thinking in society. Apart from these things, the political democratic rights and economic benefits of staff and workers have often been violated. Therefore, the trade unions should protect the personal interests and democratic rights of staff and workers. Luo Gang earnestly declared that the trade unions are prepared to take part in struggles when necessary.

This reform project, which involves important issues such as the nature, duties, and organizational principles of trade unions, at present cannot be launched in an all-round manner. Leaders of the All-China Federation of Trade Unions said that this is because the trade union reform should have external conditions in which the reform of the entire political system has been launched and deepened. It is expected that a revised reform plan will be put forward in October next year.

However, these leaders consider that reform measures that have the preliminary conditions can be implemented first. Otherwise good opportunities will be missed.

Inspection Group Criticized for Waste
HK251424 Beijing RENMIN RIBAO in Chinese
17 Dec 87 p 1

[Report by XINHUA reporter Li Zhenghua (2621 2973 5478): "Light Industry Ministry Inspection Group Indulges in Wasteful Spending"]

[Text] Shanghai, 16 Dec (XINHUA)—It was disclosed by the Shanghai municipal financial inspection office that a quality control inspection group organized by a relevant place at the instruction of the Ministry of Light Industry had violated the explicit stipulations of the Ministry of Light Industry. While inspecting enterprises in Shanghai, the group ate and drank extravagantly and took pleasure trips to scenic spots, spending over 29,000 yuan at the expense of enterprises in 20 days. This has created a very bad impression.

The seven-member inspection group arrived in Shanghai on 20 August. After inspecting the quality of principal products and evaluating enterprise management in three enterprises—the Xiechang Sewing Machine Factory, the No 4 Watch Plant, and the Qianjin Lock Factory—the group left Shanghai on 9 September. Let us have a look at the expenses of this group in the span of 20 days:

Accommodation: 10,482.05 yuan for staying in Hengshan, Shanghai, and Lihua guesthouses, with an average daily rent of 500 yuan;

Board: 6,181.3 yuan;

Banquets: 6,397.37 yuan;

Gifts: 1,054.1 yuan (the gifts consisted of iridium-point pens, folding umbrellas, albums, lighters, fans, and so on);

Fruit and drink: 1,950.26 yuan (the drink included Coca Cola, Nescafe, and ice cream; the fruit included bananas, grapes, strawberries, pomegranates, lemons, and pineapples);

Sightseeing and tour _____ yuan;

Recreational activities and photography: 431.89 yuan;

Air tickets (to and from Changsha): 693 yuan;

Cigarettes, driver subsidies, and other expenses: 942.51 yuan;

"Consultation fees" issued to every member of the inspection group: 210 yuan.

The inspection group indulged in such extravagant eating and drinking that the enterprises groaned bitterly. This reporter has learned from the financial department that the Qianjin Lock Factory director had an annual expense account of only 5,000 yuan. However, the cost of entertaining the inspection group was over 9,600

yuan. As soon as the reception was over, the factory had to submit a report, asking the department at the higher level to make an exception and let the factory divert some money from other funds to make up for this loss. The workers and staff members said with indignation: Isn't this an act of undermining the foundation of enterprises!

Some responsible persons of enterprises who refused to identify themselves told this reporter: Inspection tours have been so rampant these days that the enterprises can hardly afford them. However, the enterprises dare not offend the ministry officials because all evaluations and inspections involve the prestige of enterprises and the sales of their products and have a direct bearing on the contracts of the enterprises. Some people said: Leaders at the higher levels are welcome to realistically help enterprises consolidate management and make production successful. However, the practice of pursuing ostentation and extravagance, parading one's wealth, making pleasure trips to scenic spots, and taking gifts is so disgusting that it is hoped that leaders at the higher levels will take the lead in rectifying this style. The workers even bluntly said: Many "groups" are now taking and eating in the name of inspection. The more inspection tours are conducted, the more the masses complain about them.

Commentator on Protecting Cultural Relics
HK251346 Beijing RENMIN RIBAO in Chinese
11 Dec 87 p 3

[Commentator's article: "Correcting the Idea Guiding the Work of Protecting Cultural Relics"]

[Text] Protection of the extremely rich cultural relics of China, including those above and under ground, witnesses the development of the history of the Chinese nation. Strengthening the work of protecting cultural relics and protecting them properly are basic requirements of patriotism. Since the 3d Plenary Session of the 11th CPC Central Committee, the work of protecting China's cultural relics has achieved significant results. However, some phenomena have arisen that do not conform with the new circumstances and new questions. The "Circular Concerning the Work of Further Protecting Cultural Relics" issued by the State Council has further clearly defined the ideology in guiding the work of protecting relics under the new situation of reform and opening-up.

One of the keys to resolving the current contradictions and problems of the work of protecting cultural relics is to correctly handle the work of protecting relics and to give play to the role of relics, the role of the social and economic benefits of relics, and the role of the relationships of unified management, division of labor, and labor cooperation. Without doubt, protecting relics in a proper way is the basic point for the work of protection of relics and the precondition for giving play to the role of relics. If relics are not protected, how can its role be brought into play? There is also no doubt that the social

benefit of relics should be taken as the highest criterion for evaluating the work of protection of relics. It is completely incorrect to take cultural relics merely as a means of profit. While talking about the opening-up and reform of the work of relics some time ago, cadres of some areas simply equated it with using relics to increase economic income. Some areas even issued profit targets to relics units and museums. Such moves resulted in ideological and management confusion.

The "Laws on Protecting Cultural Relics of the People's Republic of China" stipulate that all cultural relics under the ground within Chinese territory and in the domestic and territorial waters of China, and all relics collected by state organizations, Armed Forces, whole-people enterprises, undertakings, and organizations are owned by the state. These laws have decided that under the precondition of necessary division of labor, the work on cultural relics should be under unified management. In the previous period, a small number of areas did not follow the state regulations in allocating, transferring, and storing unearthed relics. They did not take account of their management conditions and one-sidedly stressed storing unearthed relics where they were excavated. Moreover, they refused to permit their upper level government to allocate and transfer relics in a unified way or to assign particular storage units for the relics. Some areas even considered the valuable unearthed cultural relics as private property owned by their local areas or the local units themselves, and did not obey the measures of protection arranged by the higher departments in charge. Such behavior harms the protection and utilization of cultural relics and must firmly be stopped.

Theft of cultural relics, private excavation of ancient tombs, smuggling of relics, and speculating and profiteering activities, which cannot be stopped after repeated prohibitions, and the phenomenon that relics are damaged in basic construction have resulted in bad impressions in China and overseas and have aroused general indignation among Chinese people. The core of the problem is that the "Laws on Protecting Cultural Relics" has not been properly implemented. The main tendency is that laws have not been obeyed and strictly been enforced. The State Council "circular" stipulates: "If the people's government has not handled well the problems and has thus led to damage of relics, cadres must be blamed." Only with strict enforcement of laws and observation of strict discipline can the work on protecting cultural relics of China be developed properly and can our generation face our descendants in good conscience.

Propaganda Official on Press Reform
HK250850 Hong Kong ZHONGGUO XINWEN SHE
in Chinese 1530 GMT 24 Dec 87

[Text] Guangzhou, 24 Dec (ZHONGGUO XINWEN SHE)—Li Yan, deputy head of the CPC Central Committee Propaganda Department, has listed increased openness as a question of the first importance that should be grasped in carrying out press reform next year.

At a newspaper forum that just ended in Guangzhou, he also discussed two questions related to press reform: Attaching importance to social dialogue and giving play to the supervisory role of the press.

He called on the participants to gain a full understanding of the great importance of the 13th CPC National Congress to press reform and to more consciously understand the necessity and inevitability of press reform, as well as the favorable situation of press reform today.

As if to echo Li Yan's remarks on press supervision, an evening newspaper in Guangzhou with extensive readership today carried a report on its front page criticizing a relevant department for failing to deal with a cadre at the bureau level who had taken advantage of his position and power to seek personal gain. In the past, the usual practice of newspapers was to relate cases that had been dealt with.

The relevant sources held that in conducting press reform in China, it is first necessary to make a breakthrough in conceptual transformation. Newspapers should be more open and more close to the readers and life. They should dare to touch upon "hot spots" and "difficult points" about which the masses are concerned. Moreover, they should make unremitting efforts to give full play to the role of press supervision.

The representatives of five provinces (regions) in central-south China attending the forum gave the following assessment of the current conditions of newspapers: They are not suited to the accelerating development of the reform process. They said: It will be impossible for journalism to fulfill the historical mission entrusted by the times if it does not carry out reform.

Writer Zhang Xianliang Interviewed

HK240249 Hong Kong ZHONGGUO TONGXUN SHE
in Chinese 0853 GMT 13 Dec 87

[Article by Bi Xiaojian (3968 1420 0256), selected from ANHUI RIBAO dated 5 December: "An Interview With Zhang Xianliang, 'Son-In-Law of Anhui'"]

[Excerpts] Zhang Xianliang, a writer from Northwestern China, has a thousand and one links with Anhui Province.

I heard that as soon as I got off the train in Yinchuan but I did not meet this novelist, who had given rise to controversy at home and abroad recently, till the day before I left Yinchuan. [passage on novelist's links to Anhui omitted]

With deep concern we asked him how he was getting on in recent days. Writer Wu Huaisheng, vice president of the Writers' Association of Ningxia Hui Autonomous Region, chipped in: "Xianliang and his wife are getting on very well. He is the president of the Writers' Association and the Federation of Literature and Art Circles in Ningxia Autonomous Region. His wife Feng Jianhua, who followed her parents to Yinchuan in the 1950's, is also engaging in creative work at the Federation of Literature and Art Circles. They have a seven-year-old boy. The regional party committee has explicitly stated that it understands Zhang Xianliang. Last October, at the invitation of Nieh Hua-ling at Iowa University, they went to the United States to participate in the activities celebrating the 20th anniversary of the founding of the International Writing Center."

Zhang Xianliang sincerely told this reporter: "Some people curse me after reading my works. If they do this in good faith, I welcome them. However, some people say that I am a sex writer, but I cannot agree. To classify literature in this way lacks a scientific approach. In artistic creation, a writer often relies on intuition and imagination and on a fleeting impression in life to lighten his inspiration. Instead of writing sex for sex's sake, I think I often write from an instinct. I write and write continuously, just as an athlete needs to exercise continuously to call forth the light of his life." He was not satisfied with his own works already published and held that he could write better if he wrote them all over again. When asked about his current writing plans, he said: "Some time ago, I finished a scenario entitled 'We Are the World.' Jointly shot by Ningxia Film Studio and Xian Film Studio recently, it extols the people's daredevil spirit. I am now writing a novel."

Just before parting, Zhang Xianliang said to this reporter: "Anhui is the home of talented people. It has brought forth a lot of great writers and good works. I dare not be lazy because a girl from Anhui is urging me by my side." Feng Jianhua smiled meekly at his side.

Correction to Zhao Ziyang Presides at Forum

The following correction pertains to the item headlined "Zhao Ziyang Presides at Party Style Forum," published in the 23 December China DAILY REPORT, page 17, column 1, sentence continuing from previous page:

...we will find a radical way to reduce the unhealthy trends. This is... (changing word "healthy" to "unhealthy")

East Region

Fujian Leaders Attend Computer Demonstration *OW300953 Fuzhou FUJIAN RIBAO in Chinese* 15 Dec 87 p 1

[Dispatch by Wang Siying]

[Excerpts] Yesterday the provincial computer society held a new computer technique demonstration in the Sihua Guesthouse for comrades attending a work meeting of the provincial party committee. The demonstration was praised by them. [passage omitted]

Leading comrades of the province Chen Guangyi, Wang Zhaoguo, Jia Qinglin, Cheng Xu, Yuan Qitong, and Chen Mingyi as well as some representatives attending the work meeting watched the demonstration with much interest.

Han Peixin Addresses Jiangsu CPPCC *OW291526 Nanjing Jiangsu Provincial Service* in Mandarin 2300 GMT 24 Dec 87

[From the "News and Provincial Press Review" program]

[Text] According to a report by our correspondent Liu Wei, the 23d Meeting of the Standing Committee of the 5th Provincial CPPCC Committee opened on 24 December in Nanjing. The main items on the agenda are: studying the documents of the 13th CPC National Congress; relaying and implementing the guidelines formulated at the 6th Enlarged Plenary Session of the 7th Jiangsu Provincial CPC Committee and the work meeting of the provincial party committee; disseminating the guidelines of the 16th Meeting of the Standing Committee of the 6th CPPCC National Committee; reporting on the work forum attended by chairmen of the various provincial, regional, and municipal CPPCC committees; examining the work report submitted by the Standing Committee of the 5th provincial CPPCC Committee to the 1st session of the 6th provincial CPPCC Committee; and holding consultations to decide on the participating units for the 6th provincial CPPCC Committee, the number of its members, and the choosing of new members.

The 24 December plenary session was presided over by Qian Zhonghan, chairman of the provincial CPPCC Committee.

Han Peixin, secretary of the Jiangsu Provincial CPC Committee, attended the session and delivered a speech. He began his speech by fully affirming and praising the good work done by the fifth provincial CPPCC Committee. Then, he set forth specific demands for strengthening the work of the CPPCC Committee and giving fuller play to the role of political consultation and democratic supervision.

Present at the session were vice chairmen of the provincial CPPCC Committee, including Luo Yunlai, Ding Guangxun, Deng Haoming, Gao Juefu, Zuo Ai, Cheng Bingwen, Liu Xinghan, and Chen Zonglie. Responsible persons from the United Front Work Department of the provincial party committee, democratic parties in the province, the provincial Federation of Industry and Commerce, and CPPCC organizations at various localities attended the session as observers.

Han Peixin, Gu Xiulian at Youth Festival *OW300139 Beijing XINHUA Domestic Service* in Chinese 1308 GMT 26 Dec 87

[By reporter Mou Weixu]

[Excerpt] Nanjing, 26 Dec (XINHUA)—The first youth cultural festival in Jiangsu Province opened in Nanjing on 25 December. Han Peixin, secretary of the Jiangsu provincial party committee, and Gu Xiulian, governor of the province, cut the ribbon at the opening ceremony for a cultural and art exhibition and visited the exhibition.

The festival was sponsored by the Jiangsu Provincial CYL Committee and some other units. Minister of National Defense Zhang Aiping wrote an inscription for the festival. [passage omitted]

Jiangxi Congress Standing Committee Meets *OW300459 Nanchang Jiangxi Provincial Service* in Mandarin 1100 GMT 24 Dec 87

[Excerpt] The 27th meeting of the 6th provincial People's Congress Standing Committee opened in Nanchang today. The meeting will discuss the draft of a decision on convening the first session of the seventh provincial People's Congress.

Wang Shufeng, chairman of the Standing Committee of the provincial People's Congress, chaired today's meeting; and Wang Zemin, Liang Kaixuan, Huang Xiandu, Peng Shengxi, and Liu Bin, vice chairmen of the same Standing Committee, attended it.

Present at the meeting as observers were Sun Xiyue, vice governor of the province; Li Ying, president of the provincial Higher People's Court; and responsible persons of the provincial People's Procuratorate and concerned departments of the provincial People's Congress Standing Committee and the provincial people's government. [passage omitted]

Liang Buting at Shandong Soil, Water Meeting *SK300739 Jinan Shandong Provincial Service* in Mandarin 2300 GMT 29 Dec 87

[Text] The provincial on-the-spot meeting on water and soil conservation for mountainous areas concluded on 29 December. Attending the meeting were leading comrades including Liang Buting, secretary of the provincial party committee, and Jiang Chunyun, acting governor of the province.

During the meeting, the representatives made an observation tour among some small river valleys in seven counties and cities, such as Wulian, Juxian, Yishui, Linyi, Yiyuan, Mengyin, and Laiwu. They also summarized the achievements and problems which had cropped up in water and soil conservation.

The meeting contended that over the past few years our province had scored better achievements in water and soil conservation and successively carried out comprehensive consolidation among 1,400 small river valleys. The acreage of areas effected by consolidation has reached more than 20,000 square km, which has played an important role in bringing soil erosion under control and promoting production development.

The meeting contended that problems cropping up in water and soil conservation are as follows: The acreage of small river valleys which need to be consolidated can still be found in a specific area or region which has not done enough to popularize and manage the consolidation work. The phenomenon of arbitrarily developing and reclaiming the valleys and of arbitrarily conducting animal husbandry is relatively general. The phenomenon of damaging valleys while consolidating them is relatively serious. The transformation and utilization of natural resources in the valleys are still weak links.

The meeting emphatically stressed that it is still imperative to bring soil erosion under control according to the law. Units and individuals who have caused soil erosion should be investigated and dealt with according to the law. Leadership at all levels should put water and soil conservation on their work schedule, personally and continuously grasp the work, and establish powerful and effective contingents in charge of water and soil conservation in order to be successful in bringing soil erosion under control.

Jiang Zemin Addresses Shanghai Seminar
OW300519 Shanghai City Service in Mandarin
2300 GMT 24 Dec 87

[Excerpts] The Leading Group for Work Among Intellectuals under the Shanghai Municipal CPC Committee sponsored a large-scale seminar on ideological and political work among intellectuals on 23 and 24 December.

The central topics of the seminar were: What are the status and role of some 600,000 intellectuals in Shanghai in the process of reform and opening to the outside world? How should we perform ideological and political work among intellectuals in the new period?

The seminar was held with a view to providing a new way of thinking and new methods for further improvement of the work among intellectuals.

Jiang Zemin, secretary of the municipal party committee and mayor of the municipality, attended and addressed the seminar. [passage omitted]

Jiang Zemin, secretary of the municipal party committee and mayor of the municipality, chatted cordially with those attending the seminar. He asked: In the initial stage of socialism, how can intellectuals adapt themselves to the situation in revitalizing Shanghai through reform? On the one hand, organizing and leading departments should make vigorous efforts to improve their working and living conditions; and on the other, intellectuals should act in the spirit of arduous struggle. The work among intellectuals should be done according to actual conditions. [words indistinct]

Jiang Zemin hoped that intellectuals would play an ever more important role in promoting economic construction and political restructuring in Shanghai.

Zhao Qizheng, head of the leading group for work among intellectuals, made a speech to summarize the seminar's work.

Shanghai Prepares To Inaugurate Land Lease
HK230712 Beijing CHINA DAILY in English
23 Dec 87 p 1

[By staff reporter Hu Sigang]

[Text] Shanghai—China's largest metropolis will become its second city to lease out land, following the lead of the Shenzhen Special Economic Zone in Guangdong Province.

The first plot, of more than 10,000 square metres in the city's Hongqiao Economic Development Zone, was designated for lease after the plan was approved by the State Council in mid-December. The maximum lease-hold will be for 50 years.

The decision was announced yesterday afternoon at a news conference by Xia Keqiang, deputy secretary general of the municipal government. The new system will go into effect on January.

Xia declined to give the exact location of the first plot but said that it would be revealed soon and that the land would be leased out through public bidding in the first half of 1988.

A document with 53 articles covering the leasing of land-use rights was formally issued yesterday. But details of the measures concerning bidding will not be made known until early next year.

Xia said: "This is but a first step—an experiment. Plan to lease another two pieces of land are well under way."

Land leasing—a practice which used to be regarded as capitalistic—is a bold reform in the country's land policy and an important step toward formation of a real estate market, according to Xia.

Xia said the State Land Administration Bureau had submitted a report to the State Council recommending the spread of leasing to four cities. The report is under study by the State Council, he said.

Shanghai To Form Qualified Personnel Market
OW281431 Shanghai WEN HUI BAO in Chinese
18 Dec 87 p 1

[Special dispatch by Beijing-based reporter Wang Lin]

[Text] It is learned from the ongoing National Conference of Directors of Local Scientific and Technical Cadres Bureaus that Shanghai will establish a prosperous, multitier and large-scale qualified personnel market to meet the need of the development of commodity economy in the initial stage of socialism. The state will use economic, legal, and the necessary administrative means to regulate the market; enterprises and establishments will have full decision-making power in personnel appointments; and individuals will have the right to choose units and occupations in order to create a good social environment where qualified personnel will emerge in the course of dynamic competitions.

Based on the general goal for reforming the system of professional and technical personnel management, Shanghai has formulated policies and measures, which include the implementation of the contract system for newly hired professional, technical, and managerial personnel. The system of appointment for current professional and technical personnel will be perfected and gradually switched to the hiring contract system. In the meantime, related policies, the policy of resignation in particular, for the management of professional personnel will be relaxed. In units that implement the system of appointment for professional and technical positions as well as scientific research institutes, colleges and universities, and cultural establishments where fairly large numbers of qualified personnel can be found, if an individual wants to resign, generally he should be allowed to do so. Professional technicians who will lease and contract for the operation of village and town enterprises, and small and medium-sized enterprises, or who request to work in old revolutionary base areas, as well as minority nationality, border, and poor regions, should be allowed to resign. Those who request to go to three types of partially or wholly foreign-owned enterprises or to key state and municipal construction projects should be allowed to resign.

Accordingly, the policy for dismissal should be formulated. Dismissal carries two implications: One is the dismissal of professional technicians who have violated discipline; the other is dismissal of professional technicians who are not qualified for their jobs because they have repeatedly failed in examinations.

Moreover, part-time jobs should be more effectively managed. In principle, units should be responsible for arranging part-time jobs in the future. Restrictions on

part-time jobs should be relaxed, and individuals should be allowed to hold part-time jobs for the sake of establishing contacts, but this type of part-time job should be strictly supervised. All the income that an individual makes from holding a part-time job in his spare time belongs to him. In the case of part-time jobs arranged by the unit, about 30 percent of the income will go to the unit.

Professional personnel who work in old revolutionary base areas, as well as minority nationality, border, and poor regions; who finance their own studies abroad; who lease or contract for the operation of village and town enterprises, and small and medium-sized enterprises; and who have specific difficulties, should be entitled to leave without pay.

It is necessary to establish a social organization for regulating qualified personnel in Shanghai. A "double-track" management system should be gradually instituted whereby qualified personnel are managed by their work units and the social regulatory organization. Work units will concern themselves primarily with managing the use of qualified personnel, while the social regulatory organization will mainly handle the transfer of qualified personnel. At the same time, it is necessary to establish an arbitration organization for the transfer of qualified personnel in Shanghai Municipality.

Zhejiang Leaders at Police Party Congress
OW300447 Hangzhou Zhejiang Provincial Service
in Mandarin 1000 GMT 24 Dec 87

[Excerpts] The second party congress of the provincial armed police group came to a close today after electing a new party committee. [passage omitted]

Xue Ju, Chen Fawen, Li Qing, Tie Ying, and Wang Jiayang, leaders of the party, government, and Army organizations in the province, attended the congress and congratulated it on its success. [passage omitted]

Central-South Region

Lin Ruo Addresses Guangdong CPC Meeting
OW300401 Beijing XINHUA Domestic Service
in Chinese 1427 GMT 25 Dec 87

[By Lei Zhongyu]

[Text] Guangzhou, 25 Dec (XINHUA)—Lin Ruo, secretary of the Guangdong Provincial CPC Committee, addressed the seventh plenary session of the fifth provincial CPC Committee, which ended yesterday. He said: The party Central Committee has decided to designate Guangdong as a comprehensive reform experimental area. We must guard against arrogance and rashness, enhance our vigor, further implement reform and opening, and work hard to fulfill the glorious tasks entrusted to us by the party Central Committee.

After analyzing the situation at home and abroad, the seventh plenary session of the fifth provincial CPC Committee pointed out that Guangdong, located in the coastal forward strip open to the outside world, was the first to implement special policies and flexible measures and to develop special economic zones, and has achieved progress in this regard and has some influence abroad. It has set up over 100 foreign trade centers abroad and has contact with businessmen in many countries and regions. Moreover, Guangdong is adjacent to Hong Kong and Macao with its back toward the interior; many Overseas Chinese are from Guangdong; it is blessed with rich natural resources; and labor costs and the consumption level here are relatively low. These advantages present good prospects for Guangdong to attract foreign businessmen to set up enterprises here and to import advanced technology and equipment. We must firmly grasp this good opportunity, rouse ourselves to catch up, and forge ahead courageously.

The plenary session earnestly discussed the Central Committee's request that Guangdong Province continue to march ahead of other areas in reform and opening up and to try out comprehensive reforms. The session presented a tentative plan for Guangdong's economic development strategy by the end of the century, which, in brief, calls for achieving "one target," promoting "two changes," and developing a new structure of socialist economy with Chinese characteristics in Guangdong ahead of the rest of the country. The "one target" is to achieve an average annual growth rate of 10 percent to increase, on the basis of the 1980 figure, the province's GNP by 8 times by the end of the century; achieve an annual average growth rate of about 11 percent in export; and increase export earnings by 8 times or more.

The "two changes" are to promote the change from a product economy to an advanced commodity economy, to develop a suitable market system, and to make market mechanism the principal mechanism for regulating economic operations; to effect a change from the domestic-oriented economy to an export-oriented economy and increase the proportion of export earnings to 30 percent of the province's GNP, or higher in the Zhu Jiang Sanjiaozhou.

The plenary session pointed out: To achieve the "two changes" and "one target," we must rely on reform to start, to blaze a trail, and to achieve progress. We must implement thorough reforms to accelerate the process of replacing the old structures with the new economic structures. At the same time, we must rely on scientific and technological progress, apply science and technology to improve efficiency, and accelerate the development of the economy.

Editorial Views Hainan's Future as Province
HK270614 Hong Kong WEN WEI PO in Chinese
16 Dec 87 p 2

[Editorial: "The Establishment of Hainan Province and the Open Policy"]

[Text] After the 13th Party Congress, China will upgrade Hainan Island to a province and will bestow greater powers upon it so that it can implement a more open policy and concentrate the nation's strength on its construction.

The policy of opening up and reform of the 13th Party Congress will certainly be reflected in Hainan Island in a preferential and flexible manner. China plans to turn Hainan Island into a new province which will be the most open and bold in introducing foreign capital and technology to stimulate the rapid development of the economy. Hainan Island will become a model with the most open foreign exchange controls and the biggest portion of market economy. The work of establishing the province is being stepped up and is expected to be completed next spring. By that time, Hainan Island will implement a more open policy than the four special economic zones: Capital will flow freely in and out, the export of home-manufactured products will not be subject to domestic quotas, foreign exchange controls will be relaxed, land can be transferred with compensation, and people will be allowed to contract for the development of a large piece of land with their own capital.

Although Hainan is provided with so many favorable conditions, it also faces various problems, such as a weak industrial and agricultural foundation, a shortage of trained people, poor transport and telecommunications facilities, and a shortage of electric power and self-raised funds. The relevant cadres responsible for the establishment of Hainan Province have conscientiously studied these problems and found specific ways to solve them.

To solve the problem of capital shortage, it is of course necessary to use foreign capital as much as possible; and to attract foreign capital it seems necessary to adopt a complete set of open financial policies different from those in the four special economic zones, to apply a financial structure acceptable to foreign investors, to institute a more liberal joint-stock system, to issue bonds, and to offer higher interest rates to encourage savings. It is necessary to adopt a joint-stock system in all large-scale projects, such as power supply, harbors, airports, telecommunications, highways, and railways. Instead of being monopolized by the government, foreign investors and domestic institutions should be allowed to invest in them. The relevant management regulations and measures should be worked out at an early date.

The banks, which are chiefly responsible for syndicated loans and authorized credits, should liberalize their methods of management and adopt new managerial technology. They should allow Hong Kong banks to set up branch offices and handle foreign exchange, credit, documentary bills, savings, checks, and other business. If Hainan Province does not take an innovative step in liberalizing banking, its future development will probably be greatly affected.

If we have an open banking system, it will be much easier to obtain international commercial credits, to issue bonds overseas, and to obtain syndicated loans from big foreign banks. After we have a good financing environment, we can develop as soon as possible a climate for attracting Overseas Chinese and foreign capital.

The compensated use of land can also be gradually shifted to commercial use of land or mortgage. If this is complemented by such methods as the exchange rates, tax rates, and interest rates, it will help import equipment, raw materials, and trained people and step up the rapid development of the export industry.

The import of trained people is also of crucial importance. If Hainan Province wants to play its leading role in export, it should introduce Overseas Chinese and Hong Kong and Macao compatriots, as well as foreign experts to Hainan and let them participate in the management of enterprises, banks, and public services. There are quite a few Chinese students studying abroad at public or their own expense. It is entirely possible to use the method of inviting applications to employ them, especially those who have received further training in industrial and commercial management and financial management. There is no harm in raising their pay and conditions to an attractive level. As long as the policy is implemented and the pay is flexible and excellent, there is no need to worry about a shortage of trained people.

The area of Hainan Island is much larger than the four special economic zones. It has been closed to the outside world for a long time. Due to its poor economic foundation and backward facilities, once it is open, it will indeed face a situation in which a thousand things remain to be done. However, since it has limited capital, it is inadvisable to simultaneously undertake all things in the early days of development. It should stress practical results, developing another piece of land only after attaining results from the previous one. It is even more necessary to introduce capital in a planned and organized way and to consider reducing the repayment cycle. Obviously, some localities are suitable for crop farming and animal husbandry, others for the processing industry, and still others for tourism. We can make all of this public in the form of an annual plan to concentrate financial, human, and material power; rapidly develop our foreign exchange earning capability; and earn more foreign exchange with foreign exchange. In this way, our open policy will certainly be successful.

Hubei's Guan Guangfu Praises Dam Project
HK281543 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 20 Dec 87

[Excerpts] On 15 and 16 December in Changyang County, Yichang Prefecture, leading comrades, including Guan Guangfu, secretary of the provincial party committee; and Guo Zhenqian, deputy secretary of the provincial party committee and governor, listened to a report of the situation in building the (Geheyan) key

water control project. They fully affirmed the contributions made by the construction and design units and Changyang County toward water interception work 1 year ahead of schedule. They demanded: We must make sustained and redoubled efforts, with a new mental attitude build a first-class large dam, and open up a new road to develop the poor mountain area.

Guan Guangfu pointed out: Water interception work of the (Geheyan) project marked the completion of the project at the earlier stage and the all-round commencement of the principal part of the project. This is a great victory and good start. However, the tasks are still fairly arduous. From the strategic plane, we must understand the decisive position of the (Geheyan) project. This project is the largest key water control project which has been built by our province itself since the founding of our country as well as a large project which has comprehensive benefit, including antiflood, shipping, and tourism functions, with the generation of electricity as the main goal. Its completion will play an extremely important part in alleviating shortages in electricity in our province, regulating the electric supply and stabilizing the operation of the large Huazhong Power Grid, developing the economy of the southwest part of the province, and strengthening the staying power of the economic development of our province.

When our province was in great financial difficulties, the provincial party committee and provincial government were determined to raise funds to guarantee the start of the project. It was not very easy. We were so determined not just because we wanted to build a power station of high quality and with high standards but because we considered the matter from the strategy of Hubei's economic development and wanted to develop the Qing Jiang basin and the poor mountain area.

Guan Guangfu emphasized: The construction of a water conservancy project is an item of complicated capital construction and is a project which requires good scientific and technological knowledge. In the circumstances of reform and opening up, we must vigorously import advanced scientific and technological achievements at home and abroad, extensively apply the advanced methods of design, construction, and management which have been completely proved to be effective, rely on science and technology to build a large dam, ensure that we act according to the scientific law and economic law, and fully arouse the enthusiasm of the experts, technicians, leading cadres, and construction force. On the basis of summing up the work at the previous stage, we must further define guiding ideology, seriously study the arrangements for work, and strive to create the (Geheyan) spirit, (Geheyan) standard, and (Geheyan) style. [passage omitted]

Guan Guangfu said: The (Geheyan) project is in Changyang County. The construction of the project will play a great part in pushing forward Changyang's economic development. At the previous stage, Changyang County

was willing to sacrifice and greatly supported the construction of the project. At present, making good arrangements for the fishermen in the reservoir areas to rehabilitate their homeland, organizing commodity production and promoting the social, economic, scientific, and technological development of the whole county is another very arduous task which confronts Changyang County. It is necessary to teach the cadres and the masses in the work areas and reservoir areas to take the overall situation into consideration; to correctly handle relations between the state, collective, and individuals and between immediate interests and long-term interests; and to strive to achieve the target put forward by the provincial party committee and provincial government so that the fishermen can live and work in peace and contentment and the reservoir areas can enjoy a long period of good order and peace.

Comrade Guan Guangfu demanded: The comrades of the county party committee and county government must open up a new way of working and thinking and in conjunction with fishermen's work, take economic arrangements of the whole county into consideration, readjust the industrial structure, develop small market towns, improve the quality of population, develop the scientific, technological, education, and cultural work. [passage omitted]

The departments concerned at the provincial level must come here more frequently to conduct investigation and study, work on the spot, and help to solve the practical problems.

It is necessary to study and improve the method of macrocontrol of the funds for development. The province, prefecture, and county must make concerted efforts, work in a down-to-earth manner, and ensure that at the time of building the large dam, Changyang minority-nationality autonomous county will get rich first. [passage omitted]

Guo Zhenqian said: After the interception work of the project was completed, the tasks of building the principal part of the project will be more complicated and arduous. It is hoped that you will all make concerted efforts and unite to fight hard. In view of this, several points of specific demands are put forward:

1. It is necessary to strive to create the (Geheyan) standard, which must be fixed as the guiding ideology of the project. The quality of the project must be first class, the speed must be the highest, and the investment must not exceed the budgetary estimate. The cost of the project must be reduced as far as possible.

2. It is essential to further strengthen the concept and management of the quality and quantity. We must be resolved to build a project of superior quality. [passage omitted]

3. It is imperative to adhere to reform, to continuously adopt the method of inviting tenders for contract for the project, and to select the good construction force.

4. Qingjiang Development Company, the units undertaking the project, and construction units must coordinate more closely with the Changyang County CPC Committee and Government, make more outstanding results in the course of building the principal part of the project, and strive to build the power station into the best of facilities.

5. All departments at the provincial level are required to further support the construction of the project. Departments concerned must make early arrangements for and guarantee the supply of materials, including electricity, rolled steel, cement, timber, and gasoline, needed in the building of the project.

In his speech, Han Ningfu, Member of the Central Advisory Commission, stressed: The (Geheyan) Hydroelectric Power Station is a local key project of our province as well as an economically strategic project. If there were a problem of quality, not only a loss of several billion yuan to 10 billion yuan would be incurred but also it would be an extremely important political problem. He demanded: All design and construction units must really put the quality of the project in the first position. They must strictly act according to the scientific law and to the construction order and complete construction in a down-to-earth manner.

North Region

Wang Qun Reports to Nei Monggol Committee

Reviews Economic Reform

SK281325 Hohhot Nei Monggol Regional Service
in Mandarin 1100 GMT 26 Dec 87

[Text] In his report at the fifth enlarged plenary session of the fourth autonomous regional committee, Wang Qun stressed that it is necessary to speed up the pace of deepening economic structural reform, to open the door wide, and to open the region to all directions. He said: In line with the central plans and our reality, for now our region's basic demands on accelerating economic structural reform are to consider changing the internal managerial mechanism of enterprises as the focus, invigorating state-owned enterprises as the emphasis, and promoting the contract management responsibility system as the basic way to handle correctly the relationship between reform and national development, and to carry out the whole range of reforms in all fields in a step-by-step manner.

Wang Qun pointed out: The important tasks for urban economic structural reform for 1988 will be focused on comprehensively carrying out the contract management responsibility system and the leasing system, and genuinely delegating powers to enterprises. This will be a

breach for deepening reforms that we must attach great attention to. We must strive to achieve actual results through a year of efforts. Meanwhile, we should be bold in practice, speed up the pace of establishing and improving the market system, and further improve macroeconomic management.

Wang Qun said: Deepening rural and pastoral reforms should proceed on the basis of stabilizing contracted family-based business, and be carried out in line with the direction of developing the commodity economy. We should keep our eyes on achieving stable economic growth in the rural and pastoral areas. Next year, we should conscientiously grasp several tasks well.

1. We should do a good job in the follow-up work of the first step of reform, and stabilize and improve the systems of contracting land to individual families and selling livestock to households at a fixed price and the responsibility system of having one household or several households manage a grassland, because this is an unshakable foundation.

2. We should strengthen multiformed and multichannelled socialized services, particularly the effective scientific, technological, circulation, and information services.

3. In places where conditions permit, we should actively lead peasants and herdsmen in adopting modern and mechanized means to develop an appropriate scale of agricultural and animal husbandry operation in an effort to achieve great results. The present emphasis is to actively develop specialized and key households. One thing we must particularly stress is that developing township enterprises is one of the most important tasks in the second step of reforms in the rural and pastoral areas. Doing a good job in this field is of great importance. We must not neglect it in developing the commodity economy in the rural and pastoral areas, improving the living standards of peasants and herdsmen, expanding the economy in banners and counties, and realizing the three short-term goals.

Wang Qun pointed out: In order to accelerate our region's economic construction, we must open the door wide, carry out multiformed, multichannelled and multilayered lateral cooperation, open the region to all directions, and gradually create a lively situation of all-directional opening up, all-sided cooperation, unimpeded circulation inside and outside the region, and bilateral flow.

Discusses Party Building

SK290625 Hohhot Nei Monggol Regional Service
in Mandarin 1100 GMT 27 Dec 87

[Report by Wang Qun, Nei Monggol Regional CPC Committee secretary, to the Fifth Enlarged Plenary Session of the Fourth Nei Monggol Autonomous Regional CPC Committee on 26 December entitled: "Hold High the Banner of Unity and Construction and Expedite the Pace in Reform and Opening Up"]

[Text] Wang Qun pointed out in his report that the guiding ideology of the region's party building and reform work is to ensure that the implementation of the party's basic line suits the new situation of reform and opening to the outside world.

Wang Qun said: At present, we should pay special attention to grasping the work in the following few fields.

First, we should intensify education on the basic line of the party for the initial stage of socialism. This is a task of primary importance for strengthening party building in the course of conducting reform and opening to the outside world. Through conducting education on the basic line for the initial stage of socialism, we will be able to unify the will of the whole party with a central task and two basic points; and focus the concerted efforts of the people on realizing their common will of developing Nei Monggol's economy, culture, and other undertakings and causing all nationalities to flourish.

Second, we should do a good job in the construction of party organizations in the course of conducting reform and opening the country to the outside world, particularly, the building of leading bodies. The forces of leading bodies depend on the quality of leading cadres. Cadres with political integrity, abilities, justice, a spirit of doing pioneering work, and enthusiasm for promoting Nei Monggol's undertaking should be promoted and employed. Outstanding skilled persons like this should be discovered, cultivated, selected, and promoted through the practices of reform and opening the country to the outside world. Simultaneously, these skilled persons will be tested and appraised in the course of reform and opening to the outside world. We must persist in the principle of choosing championship on the playground.

Third, we should explore new ways for relying on reform and systems to build the party. Our party should be regarded as a whole, as should our undertakings. Therefore, we should set up and perfect a system of comprehensively building the party. Through the long-term practices of struggle, our party has established a set of effective systems. Some of the basic principles set forth in these systems should continuously be persisted in. Under the new situation of conducting reform and opening the country to the outside world, we should ceaselessly enrich, develop, and perfect these systems. At the same time, we should gradually set up and perfect new systems suitable to the new situation. With systems and regulations, democracy within the party will be guaranteed and the enhancement of party building will never become a mere formality.

Fourth, we should run the party strictly, and resolutely wage a struggle against unhealthy practices within the party. The key to running the party strictly is to strictly enforce party discipline and regulations. First, leading organs and leading cadres at various levels should strictly enforce party discipline and regulations. Second, we should strictly investigate and handle the typical cases

which the masses have great complaints about and which may exert the worst influence at present. Third, we should strengthen the work of tackling problems in a comprehensive manner.

Wang Qun stressed: We should thoroughly eliminate unhealthy practices within the party. Fundamentally speaking, we should rely on the forces all Communist Party members and cadres and people of various nationalities to unswervingly promote the development of reform and the opening to the outside world, to ceaselessly perfect systems and structures, and to eliminate all decadent practices. Our party will certainly temper and build itself into a stronger party in the course of accomplishing the great historical task.

Unity of Nationalities Noted

SK290626 Hohhot Nei Monggol Regional Service
in Mandarin 1100 GMT 27 Dec 87

[Report by Wang Qun, Nei Monggol Regional CPC Committee secretary, to the Fifth Enlarged Plenary Session of the Fourth Nei Monggol Autonomous Regional CPC Committee on 26 December: "Hold High the Banner of Unity and Construction and Expedite the Pace in Reform and Opening Up"]

[Text] In his report Wang Qun urged party organizations at all levels to persistently implement the principle of achieving the unity of nationalities in construction, to maintain and develop the region's glorious tradition, and to continuously consolidate and develop the great unity among various nationalities.

In his report Wang Qun pointed out: The experience gained by the region in the 40 years since its founding has proved that continuously consolidating and developing unity among various nationalities and social circles represents the fundamental premise and guarantee of successfully conducting work in various fields. In the current course of implementing the spirit of the 13th CPC Congress in an overall way and of accelerating the region's program of building socialist modernization, it is more necessary for the cadres and masses of various nationalities throughout the region to continuously develop and uphold the glorious tradition of national unity and to be more conscious in maintaining and strengthening the unity. He stated: The foundation of such unity is the party's basic line of the initial stage of socialism. All comrades who are sincerely safeguarding the fundamental interest of various nationalities and sincerely helping various nationalities in the region to commonly achieve prosperity and development should devote themselves to economic construction and to the principle of conducting reforms and opening to the outside world in line with the demand of the party's basic line. This is the fundamental point of safeguarding and enhancing the unity among various nationalities and social circles. Party organizations at all levels should earnestly summarize their experience gained in the past

in line with the demand set forth by the 13th CPC Congress and continuously push forward the unity among various nationalities and social circles.

In his report Wang Qun stated: Efforts should be made to enhance the party's policies on nationalities affairs and education on national unity and to correctly deal with the problems cropping up among various nationalities and between cadres and the masses. He stressed: Historical experience has repeatedly proven that the core issue of national unity is based on inner party unity and on the unity among the cadres of various nationalities, particularly among the leading bodies and principal leading cadres at all levels. A success in fostering unity among leading cadres will promote inner party unity, and success in fostering unity inside the party will bring about or promote unity among various nationalities and in society as a whole.

In his report Wang Qun pointed out: The fundamental key to enhancing inner party unity lies with the party's leading cadres at all levels who have been sincere in doing all things. This means that in mediating questions, doing things, and getting along with others, they should attach importance to the interest of the party and the people and keep the whole situation in mind. He stated: Whether a party member or cadre can maintain inner party unity and unity among various nationalities and social circles reflects his party spirit and his morality and consciousness. All comrades with ideals of making the region flourish should make contributions to fostering unity and set examples in promoting unity among various nationalities and social circles.

Tianjin CPC Plenary Session Held 23-27 Dec
SK281315 Tianjin City Service in Mandarin 2300 GMT
27 Dec 87

[Excerpts] The Eighth Enlarged Plenary Session of the Fourth Tianjin Municipal CPC Committee was held at the Tianjin Guesthouse from 23 to 27 December. The session studied and formulated plans for the next year based on the guidelines of the 13th Party Congress, discussed and approved the major points of the work of the municipal party committee for 1988, and heard a mobilization talk on the democratic recommendation of the candidates for the next term of leading bodies at the municipal level.

Li Ruihuan, secretary of the municipal party committee, attended and addressed the session. Also attending were Wu Zhen, Tan Shaowen, Nie Bichu, Zhang Zaiwang, and Yan Dakai, and members and alternate members of the municipal party committee, members of the municipal Advisory Commission and Discipline Inspection Commission, and principal responsible comrades of various municipal-level departments, committees, and offices, and various districts, counties and bureaus, totaling 510 persons.

The session defined the basic principles for the work of the municipal party committee for 1988. They are to conscientiously implement the guidelines of the 13th Party Congress, uphold the party's basic line in the initial stage of socialism, work out plans for the overall situation in line with the needs of reform, promote economic construction and the work in other fields, and consolidate and develop the excellent situation of our municipality. The session conducted earnest study of the situation we will face in 1988. It pointed out: The theory on the initial stage of socialism expounded at the 13th Party Congress, and the line, principles, and policies it defined have provided a powerful ideological weapon for deepening reform and facilitating the modernization drive. Our municipality has already built a substantial foundation for its reform and work in other fields. The masses of cadres and people have peace of mind and high morale for making progress with all-out efforts. This is a favorable condition for us to advance continuously. We should also be prepared for the complicated situation and the arduous tasks in the municipality's economic construction, economic structural reform, and political structural reform that we will face in 1988. We should have full mental preparation for the possible problems lying on our road of advancement. [passage omitted]

On the economic structural reform, the session pointed out: We should further emancipate our mind, steel our confidence in reform, advance in spite of difficulties, and expedite our pace to make new progress. Meanwhile, we should advance in a prudent, stable, and down-to-earth manner, and stress actual results. Focusing on the central link of changing the operational mechanism of enterprises, we should comprehensively facilitate and deepen the contracted managerial responsibility system to invigorate enterprises and increase their strength for sustained growth. In line with the principle of encouraging the advanced, spurring the backward, differentiating the situation, supporting the key enterprises, and based on the average advanced level of a trade, we should apply the competition mechanism in fixing rational base figures for contracts, and rates of progressive increases. We should further deepen the reforms and improve the economic responsibility system within enterprises. Focusing on deepening enterprise reform, which is the key, we should also conduct corresponding reforms in planning, banking, material allocation, and other fields. In line with the requirement for establishing a socialist market system, we should reform the commercial system to enliven circulation. [passage omitted]

On the political structural reform, the session pointed out: We should facilitate the reform in an active and stable manner in line with the principles, policies, and unified plan of the party Central Committee. We should step up efforts to carry it out in a meticulous manner to avoid as much as possible the dislocation and friction in work occurring in the period when the new systems are replacing the old. We should organize special groups to conduct investigations and study. We should formulate

an overall plan after repeated comparison and appraisal, and put into effect specific measures whenever conditions are ripe.

The session urged all party committees, political work cadres, administrative leaders, and managerial work cadres to attach importance to, strengthen and improve ideological and political work. The major aspects of ideological and political work are to educate party members, cadres, and people with the party's basic line in the initial stage of socialism, to arouse the people's socialist enthusiasm, initiative in creating the new, and spirit of devotion, and to cultivate a new generation of well-educated and self-disciplined people who have lofty ideals and moral characters. We should carry forward the party's fine traditions in ideological and political work, explore the laws governing this work in the initial stage of socialism, and strive to create effective forms and specific ways suited to the new situation. [passage omitted]

On 27 December, Comrade Wu Zhen gave a mobilization talk on democratic recommendation of the candidates for the next term of leading bodies at the municipal level. Comrade Li Ruihuan delivered a speech. He put forward the general demand on the work of electing the next term of the six leading bodies at the municipal level.

The session urged: In the new year, all the Communist Party members should strengthen unity, arouse their spirit, work arduously, lead the masses with their own exemplary deeds, implement the work arrangements of the municipal party committee, and further consolidate and develop the excellent situation of our municipality.

Northeast Region

Jilin's Gao Di Conducts Inspection Tour
SK290052 Changchun Jilin Provincial Service
in Mandarin 1030 GMT 26 Dec 87

[Text] During his inspection tours in Siping City and Lishu County from 19 to 23 December, Comrade Gao Di, secretary of the provincial party committee, pointed out: Reform is a kind of exploration, of which there is no fixed pattern or frame. We may conduct some experimentation on the basis of what we have done so as to continuously improve the contracted managerial responsibility system, and facilitate the deepening of reform.

During his inspection tours in Siping City and Lishu County, Comrade Gao Di heard reports of the city, the county, and some relevant departments, conducted investigations and study at nine enterprises at city, county, and township levels, including the Siping City brewery, and the Lishu County Machinery Plant, and held discussions with directors of six enterprises in Siping City on deepening reform and improving contracts. Speaking on introducing competition mechanism into the enterprise contract system, Comrade Gao Di pointed out: The competition mechanism involves two

aspects. The first is the relations between the enterprise and the state. The major issue is to separate the power between them. The second is the relations between the staff and workers and the enterprise. The major issue here is to eliminate the practice of staff and workers eating from the same big pot of the enterprise. Now you should adopt the open employment system. You may recruit people from within or outside the enterprises. This system may be applied to the recruitment of directors, workshop chiefs, and even workers. The employment measures may also vary. Commercial units should continue to do a good job in the contract system, which should be applied down to the sales counters. We should also pay attention to the contract system of collective enterprises, including second light industrial enterprises, [words indistinct], and rural supply and marketing cooperatives. Hospitals should also institute the contract system. Hospitals in Siping City have done a fairly good job in the contract system and lateral cooperation. Through cooperation, some specialized hospitals were built without state support. This was a breakthrough, and a very good method.

Speaking on introducing the risk-taking mechanism, Comrade Gao Di pointed out: To improve the enterprises' contract system, we should introduce the risk-taking mechanism into it. Contractors should mortgage, and the best way is for all staff members and workers participate in the mortgage. The pledge should be decided according to the capacity of staff members and workers, but generally speaking it is better that we set a higher standard of it. If contractors fail to fulfill their contracts, they should compensate with their mortgage funds. If they fulfill their contracts, the funds may be regarded as stocks, and the contractors may draw extra dividends. The advantage of the system that all staff members and workers of an enterprise participate in a mortgage is that we may link producers with the means of production, and enable staff members and workers to truly become masters of the enterprise. In the future, we may also consider adopting the stock-holding system in technical transformation and development of new products. We should encourage staff members and workers to invest money in the production of the enterprise instead of engaging in high consumption, and extravagant winning and dining.

As the year draws to an end, the contracts signed earlier this year must be honored. If the contracts are not perfect, we may revise them later but we must fulfill them now. Fulfillment of contracts involves two questions. One, related to the awards to contractors, is whether leading persons dare to give the awards to contractors, in particular those who win a great number of awards, and whether the contractors dare to accept the awards. The other is whether leading persons dare to mete out punishments to those who fail to fulfill the contracts. Contracts have legal bindings. We must act according to contracts. We should encourage contractors to invest the awards they have won from fulfillment of the contracts in production as mortgage funds. We

should also encourage workers to invest some of their bonuses in production. In the future, there will be no unitary form of ownership of enterprises. There will be multiforms of ownership.

On the management systems of enterprises, and organizational reform, Comrade Gao Di said: Enterprises should shift their concentrated efforts in production and management to business. What we are now developing is a planned commodity economy. In the future, the part of the economy covered by plans will become smaller, and managers will be required to organize production according to market demands. It is a kind of exploration that the No 3 chemical industrial plant dares to buy the chemical industrial machinery plant, and that collective enterprises dare to buy state enterprises. In the future, they may also buy the enterprises in other areas, or open visitors' accommodations or hotels.

Comrade Gao Di also fully affirmed the efforts made by the Siping [word indistinct] Material Plant to strengthen a supply and marketing company, which then ran a small plant. He held that the management of the plant is new, developmental, and oriented to serve the needs of others.

Comrade Gao Di also suggested: Enterprises should emphasize development of new products, and supply and marketing departments [word indistinct] a question. We should conduct experimentation step by step rather than all at once. Speaking on cooperation, Comrade Gao Di said: Cooperation should be intensified continuously. We should first carry out the cooperation between the enterprises within the city. We should establish groups of enterprises of the same trades led by large enterprises with a better foundation. For example, the Joint Chemical Industrial Plant, and the machine tool spare parts plant should be the leaders to contract for other enterprises. After this, we may carry out cooperation with enterprises outside the city. We should dare to put ourselves under the patronage of bigwigs. We should cooperate with those better than us, and with scientific research units. We should also cooperate with those inferior to us. We should develop production and enterprises through cooperation.

Jilin's Gao Di Meets Retired Workers
*SK280547 Changchun Jilin Provincial Service in
Mandarin 2200 GMT 26 Dec 87*

[Text] On the morning of 26 December, the provincial and the Changchun City associations of retired scientific and technical workers sponsored a dialogue meeting of some retired scientific and technical personnel in Changchun. Many professors and experts aired their views freely on how to enable retired scientific and technical personnel to better play their role.

Our province has nearly 20,000 retired scientific and technical personnel, among whom are noted professors and experts. Over the past 2 years and more after the establishment of the provincial association of retired

scientific and technical workers, these personnel have played a positive role in socialist construction, and made contributions to the development of Jilin. They pledged at the dialogue meeting to devote their remaining energy to socialist construction.

Personnel participating in the dialogue meeting raised the problems that some departments do not attach importance to developing the role of retired scientific and technical personnel, and that policies are not being implemented. Xu Qing, deputy secretary of the Changchun City Party Committee, who was present at the meeting, said immediately that it is imperative to give a green light to developing the role of retired scientific and technical personnel.

Comrades Gao Di and Wang Zhongyu attended the meeting to meet with the participants. They wished the participants a happy New Year. Comrades Wang Daren, Liu Jingzhi, and Xu Yuancun also attended. Comrade Wang Daren said in his speech that we should not only cultivate new scientific and technical personnel but also inherit the knowledge foundation of old scientific and technical personnel.

Heilongjiang's Sun Weiben Greets New Year
SK300729 Harbin Heilongjiang Provincial Service
in Mandarin 2200 GMT 29 Dec 87

[Text] On 29 December, Sun Weiben, secretary of the provincial party committee, visited Heilongjiang University to extend festive New Year's greetings to all students, professors, staff members, and workers in the university. He also held a dialogue with the university's leading personnel on the work of developing higher education. During the dialogue, (Xu Lanqi), president of the university, introduced their new student managerial measures which include the principle of applying competitive mechanism and levying partial training expenses on students who were failed. After hearing the briefing, Sun Weiben acknowledged the measure adopted by the university.

At noon that day, Sun Weiben had lunch with students in the students dining room and learned about the meals situation.

Sun Weiben Attends Symposium on Socialism
SK261051 Harbin Heilongjiang Provincial Service
in Mandarin 2200 GMT 25 Dec 87

[Text] A provincial symposium on the theory on the initial stage of socialism concluded on the morning of 25 December. More than 120 professors, experts, and scholars from various colleges and universities, and the social science front of our province unanimously contended: The theory on the initial stage is a scientific theory on socialism put forward by our party after summarizing the more than 3 decades of practicing socialism in our

country with the fundamental tenets of Marxism. Advancement of this theory has laid a solid theoretical foundation for us to accelerate and deepen reform.

During their discussions, the participants also checked and laid bare in a systematic manner the utopian elements of our socialist theory and socialist construction since the founding of the country, and the [words indistinct] factors that the people have added to socialism, and unearthed sources of utopian (?theories).

At the closing ceremony on the morning of 25 December, Sun Weiben, secretary of the provincial party committee, delivered a speech.

Quan Shuren Addresses Shenyang Directors
SK300721 Shenyang Liaoning Provincial Service
in Mandarin 1030 GMT 29 Dec 87

[Text] At the 27 December forum sponsored by the provincial party committee and the provincial people's government, with the participation of plant directors and managers from a number of export-oriented enterprises throughout the province, Quan Shuren, secretary of the provincial party committee; Dai Suli, chairman of the provincial Advisory Commission; Li Changchun, governor of the province; and other leading comrades delivered speeches.

In his speech Comrade Quan Shuren stated: Whether our province has successfully implemented the spirit of the 13th CPC Congress will be decided first by whether the province has taken a rapid step in opening to the outside world on the Liaodong peninsula. In opening Liaodong peninsula to the outside world, we should first start with developing town-run enterprises. He continued: Our province has great potential in developing town-run enterprises and has achieved certain development in this regard over the past few years. However, such development is not worthy of the province's position. More than 40 counties across the province have realized \$150 million of foreign exchanges through exports this year, which are less than those realized by Dongguan County alone in Guangdong Province. Therefore, town-run enterprises should accelerate their pace of turning themselves into export-oriented ones. First, they should foster the sense of markets and try to sell their products wherever markets exist, and they should produce according to market demand. Second, they should follow the road of establishing economic associations, set up economic and technical cooperation with whoever has strong points, and turn their own strong point into joint ones through cooperation. Third, they should master the method of applying existing policies and implement the policies in a lively way. All policies formulated by the state and the provincial and city authorities can be adapted by the enterprises while using them. Those who adapted the policies early will benefit early. They should boldly open new businesses not covered by existing policies and refrain from waiting until new policies are issued. Meanwhile, town-run enterprises should also

refrain from always being satisfied with the level of their equipment which already lags behind that of large enterprises, and upgrade their technical level in achieving development. Entrepreneurs in townships and towns should not totally copy the managerial methods of large enterprises but should pave their own road in this regard.

In his speech Quan Shuren told the participants that our province will also formulate policies in 1988 on giving preferential treatment to the town-run enterprises on the Liaodong peninsula.

In his speech Dai Suli stated: Town-run enterprises have a strong point in which they have been less affected by the out-dated managerial methods and have had strong power in self-determination. They should make full use of this strong point to accelerate the pace of developing town-run enterprises in the province.

In his speech Governor Li Changchun stated: The forum sponsored by the provincial party committee and the provincial people's government represents an important step in accelerating the pace of opening Liaodong peninsula to the outside world. He urged the participants, after the forum, to renew their understanding on the position and role of town-run enterprises and to upgrade the position and role to a new level. He stated: Town-run enterprises have not only played an important role in developing the rural economy, but also in accelerating the pace of opening Liaodong peninsula to the outside world and conducting reforms in economic systems in both urban and rural areas. He urged the participants to improve their own work after returning to their units and to lead more town-run enterprises to make rapid and marked progress to enable them to join the world-wide and large commodity circulation.

Leading comrades including Hu Yimin, vice chairman of the provincial Advisory Commission, who also spoke at the forum.

Shenyang Designated Pilot City for Reform
SK280710 Shenyang Liaoning Provincial Service
in Mandarin 1030 GMT 26 Dec 87

[Text] Recently the State designated Shenyang City as a pilot city to conduct overall supporting reforms.

The on-going Seventh Enlarged Plenary Session of the Seventh Shenyang City CPC Committee has set forth the basic ideology and major tasks for next year's reform work and has worked out some specific measures.

The session set forth: While deepening the reform of enterprises' operational mechanism, next year Shenyang City should continue to carry out the contract system. That is, the city should do a good job in carrying out the contract, leasing, and share-buying systems, transferring managerial authority and ownership authority, handling bankruptcy, and conducting lateral cooperation.

First, appropriately extend the contracted time limit at enterprises with an excessively brief space of time for contracts and properly make readjustments where incompetent managers are concerned.

Second, simplify the contract targets that the enterprises will easily fulfill and the state will conveniently assess.

Third, expand the implementation of the enterprise management responsibility system. Small enterprises should accelerate the pace of implementing the leasing system. The enterprises where conditions permit should carry out the share-buying system. Meanwhile, the contract system should be introduced to the economic departments under the governments, and the enterprises should ensure that their responsibilities, powers, and interests are combined. Efforts should be made to arouse the enthusiasm of various fronts in order to better serve the work of enlivening the enterprises.

Next year, Shenyang City should make great progress in conducting lateral cooperation between various enterprises throughout the city. The city government has decided to change the current ownership system, to improve the unchanged relationship between higher and lower levels, and to organize lateral cooperation in line with the general requirement for promoting the development of productive forces. Great progress will be made in promoting the cooperation between vehicle trade and medicine production trade.

In addition, next year Shenyang City will open avenues, such as developing short-term or long-term money markets and formulating regulations on management of banking markets, to further facilitate and enliven the flow of funds, utilize funds well, develop capital markets, and perfect the market system.

Northwest Region

Gansu Meeting Commends Peasant Entrepreneurs
HK250928 Lanzhou Gansu Provincial Service
in Mandarin 1100 GMT 16 Dec 87

[Excerpts] At a provincial meeting today to commend outstanding peasant entrepreneurs, provincial leaders awarded red certificates of honor and medals to the peasant entrepreneurs and highly valued their contribution to developing rural commodity production.

The activity of choosing outstanding peasant entrepreneurs through public appraisal was jointly sponsored by GANSU RIBAO, the Gansu people's radio station, the Gansu television station, the reporter station of ZHONGGUO XIANGZHEN QIYE BAO in Gansu, and the provincial Township Enterprise Management Bureau.

Of the 10 best peasant entrepreneurs and 40 outstanding peasant entrepreneurs, some are delegates who once attended the national meeting to commend outstanding

peasant entrepreneurs and some are capable persons who have demonstrated their skills in developing rural commodity production in recent years. [passage omitted]

Provincial leaders Li Ziqi, Huang Luobin, Liu Bing, Jia Zhijie, Wang Bingxiang, Lu Kejian, Wang Jintang, (Feng Jingchun), Ge Shiying, and Lu Ming attended the meeting and had a group photo taken with the peasant entrepreneurs to mark the occasion.

This afternoon, some responsible comrades of the relevant provincial departments, commissions, and offices had a dialogue meeting with the peasant entrepreneurs on how to develop township enterprises.

Qinghai Leaders Urge Journalistic Criticism
OW260253 Beijing XINHUA in English 1206 GMT 24 Dec 87

[Text] Beijing, December 24 (XINHUA)—Journalists should not be afraid to criticize, say the governor and vice-governor of China's northwestern Qinghai Province.

The two officials, in a recent meeting with a dozen Chinese journalists, said they welcome reports that expose shortcomings and mistakes in government work.

They said such criticism is important because the Communist Party and the government truly represent the interests of the people.

The journalists complained that it was sometimes hard to criticize in newspapers because it often meant stirring up a hornet's nest.

The journalists cited the case of a provincial official's son who stabbed a young worker to death and who wasn't brought to trial until five years had elapsed.

When journalists tried to expose the injustice, they came under the charge themselves.

The journalists said they would have to keep silent if this sort of intimidation was left unchecked.

The Qinghai officials encouraged the journalists to brave false charges and other forms of pressure in support of social justice.

They also hoped journalists would make sure their facts were correct before printing their reports.

Shaanxi CPC Committee Work Conference
HK270830 Xian Shaanxi Provincial Service in Mandarin 0030 GMT 17 Dec 87

[Text] A work conference of the provincial party committee opened in Xian yesterday. The central subjects of this conference are to study the spirit of the 13th

National Party Congress, to discuss the problems of deepening urban and rural reform, and to make arrangements for the work of our province in 1988.

Attending the work conference of the provincial party committee are responsible comrades of the provincial party committee, provincial Advisory Commission, provincial People's Congress Standing Committee, provincial government, and the party group of the provincial CPPCC Committee; secretaries of all prefectural, city, and county party committees throughout the province; and responsible party comrades of some universities, colleges, large and medium-sized enterprises, and all units at the provincial level, totaling some 340 people.

This is a policy-making conference to strive for a big breakthrough in the work of the whole province next year. The comrades attending the conference will seriously study the documents of the 13th National Party Congress, exchange their experiences in study, and deepen their understanding of the theory of the initial stage of socialism. In conjunction with the realities of our province, the conference will sum up the experiences in reform, opening up, and strengthening party-building so that the cadres at all levels can plunge into urban and rural reform in a good mental state and work style and strive to make a relatively big breakthrough in the work of the whole province next year.

Beginning yesterday, the comrades at the conference have been divided into groups to seriously study the documents of the 13th National Party Congress.

Shaanxi Secretary Urges Promoting Reform
HK280952 Xian Shaanxi Provincial Service in Mandarin 0030 GMT 24 Dec 87

[Excerpts] In his speech at a provincial party committee work conference held yesterday afternoon Zhang Boxing, provincial party committee secretary, called on our party members, cadres, and people throughout the province to strengthen their consciousness of reform, speed up reform, and strive for new victories in economic construction as well as in all other types of work in our province. [passage omitted]

Zhang Boxing said: The gross national income in 1984 ranked our province 17th in China, and 20th in 1986. Our per capita income ranked 19th in China in 1984, and 25th in 1986. These conditions show that our economic and social development and the development of many other fields in our province have been lagging behind. However, it is not right to improperly belittle ourselves or underestimate our own capabilities by losing sight of the achievements and progress we have made. On the other hand, losing sight of our lagging behind others does not conform to a truth-seeking approach. [passage omitted]

Zhang Boxing said: Lacking a strong consciousness of reform and failing to speed up reform are the major reasons for our further lagging behind in economic and social development, as compared with other parts of China. These major reasons are also our current major problems.

Zhang Boxing said: The problems do not lie in the masses but in our leaders and particularly the provincial party committee. We are faced with the following major tasks: To admit the fact that our reform is lagging behind as compared with other parts of China; to unswervingly allow reform to play a leading role in overall planning; to strengthen our consciousness of reform; to speed up and deepen reform; and to keep pace with the economic development in other parts of China. [passage omitted]

Zhang Boxing said: To carry out our work in 1988 we must firmly grasp reform as the key, and use the spirit of reform to seek unity of thinking and coordinate work in every field. [passage omitted]

Referring to the separation of the functions of the party and the government, Comrade Zhang Boxing said: The most important thing now is to enable comrades within our party committees at all levels to clearly understand that separating party and government is not aimed at weakening party leadership, but at improving and strengthening party leadership. [passage omitted]

Comrade Zhang Boxing said: It is true that among some units and organized groups there are elements engaged in disrupting unity and lodging accusations against one another. This way of doing things makes it impossible to promote work. We must proceed from the reinvigoration of Shaanxi, an issue concerning the overall situation; seek common ground on major issues while reserving differences on minor ones; advocate mutual understanding and mutual trust; be openhearted and aboveboard; speak frankly and sincerely; and wholeheartedly fulfill all the tasks assigned by the party and the people.

Hong Kong

'Text' of Xu Jiatun Message for New Year
HK301138 Beijing XINHUA Hong Kong Service
in Chinese 1006 GMT 30 Dec 87

[Text] In an interview with reporters from TVB, ATV, Radio Hong Kong, and the Commercial Radio of Hong Kong, Xu Jiatun, director of the Hong Kong Branch of the XINHUA NEW AGENCY, delivered a 1988 New Year Message to Hong Kong compatriots. Following is the full text of his message:

As things replace each other and as stars keep changing their positions, another year has passed. I am glad that I can say farewell to the old year and welcome to the new with Hong Kong compatriots. I would like to take this opportunity to give both to Hong Kong compatriots and foreign friends in Hong Kong my best wishes.

Last year, history took a big step forward. The "13th CPC National Congress" clarified the theory of the initial stage of socialism, decided on the reforms and the pursuit of the opening-up policy, set a clear course for the four modernizations. In addition, after holding friendly talks, the Chinese and Portuguese Governments signed an agreement on the future of Macao, thus solving another problem left over by history. Last year, the Taiwan authorities tentatively readjusted their mainland policy, thus enabling people separated for about 40 years to see each other again. In Hong Kong, in spite of the stock market crash and the debates over the political system, the economy continued to grow and there was stability in society. All this is both encouraging and heartening. I personally feel that the great unification, unity, and revival of the Chinese nation are coming.

According to the Chinese calendar, the next year is the "year of the dragon." "When the flying dragon is in the sky, important people will be seen." I sincerely wish the country development and peace, the community prosperity, and everyone happiness!

Governor, XINHUA Petitioned for Prisoner
HK300337 Hong Kong SOUTH CHINA MORNING
POST in English 30 Dec 87 p 2

[Text] A coalition of 22 organizations yesterday petitioned Government House and the local branch of the New China News Agency (NCNA) calling for the release of a Hong Kong man jailed in China for political reasons.

Liu Shanqing is serving the sixth year of a 10-year sentence in Mei Xian for alleged involvement in counter-revolutionary activities in Guangdong Province.

Petitioners representing the powerful Christian Industrial Committee, Catholic priests and student bodies called upon the Governor, Sir David Wilson, to negotiate with the Chinese authorities for Liu's early release.

"Mr Liu is a Hong Kong citizen. The government has a responsibility to protect the right of freedom of all her citizens," said Mr Ken Chan, chairman of the Hong Kong Federation of Catholic Students.

A petition letter was received by a policeman standing guard at the side gate of the Governor's residence.

Petitioners then asked the local branch of the NCNA, the de facto representative of the Chinese Government, to arrange for the coalition to visit Liu and for an appeal on the case.

But NCNA officials who met coalition representatives briefly declined to make the arrangements sought. They did, however, promise to refer the case to Chinese authorities.

Describing the meeting as "disappointing", Mr Chan said the coalition would send a group of five representatives to China to seek direct contact with Liu next month.

Meanwhile, it is understood that a Catholic priest will abandon in two days' time his hunger strike for Liu's release.

Father Franco Mella has been staging the hunger strike alone on board a sampan in the Yau Ma Tei typhoon shelter since December 24.

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